Volume II

EXPLANATORY NOTES

for

DEPARTMENT OF AGRICULTURE

Fiscal Year

1961

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C O N T E N T S

(Volume II)

Pages

CONTROL OF FOREST PESTS

Purpose Statement

The programs conducted under this appropriation were authorized by the Plant Quarantine Act of 1912, as amended (7 U.S.C. 151-167), the Organic Act of 1944 (7 U.S.C. 147a), the Forest Pest Control Act approved June 25, 1947 (16 U.S.C. Sup.I, 594-1 to 594-5), and the Lea Act (white pine blister rust control)(16 U.S.C. 594a).

Control activities against gypsy moth have been conducted since 1905, and against white pine blister rust since 1916, but the Forest Pest Control Act of June 25, 1947 provided for the first time authority for cooperative work on State and privately-owned lands against all types of insect pests and plant diseases destructive to forests. The activities for which specific appropriations are provided are as follows:

(1) Gypsy and brown-tail moth control work, conducted in timberland areas along the western border of the New England section to repel advance to the west and to eradicate progressively to the east.

(2) Control work on other forest insect pests and diseases, including the white pine blister rust, involving suppression of infestations injurious to timber stands.

(3) Surveys on forest lands to detect and appraise infestations of forest insect pests and tree diseases, and in cooperation with research units to recommend protective measures.

The control programs are carried on jointly by Federal, State, and private agencies under the technical direction and leadership of the Bureau of Entomology and Plant Quarantine. The cooperating Federal agencies include the Bureau of Entomology and Plant Quarantine and the Forest Service of the Department of Agriculture and the National Park Service, Office of Land Utilization, Bureau of Land Management, and Bureau of Indian Affairs of the Department of the Interior.

The programs are administered by existing field offices maintained by the several cooperating agencies in the affected forest regions. The personnel engaged in this work have been included in the statements of the cooperating agencies which appear elsewhere.

	Estimated, 1950	Budget estimate, 1951
Appropriated funds	$5,266,200	$6,220,000

Summary of Appropriations, 1950 and Estimates, 1951
(Amounts Shown Include Estimated Pay Adjustment Supplementals)

Item	Total anticipated available, 1950 a/	Budget estimates, 1951	Increase (+) or Decrease (-)
Control of forest pests:			
Gypsy and brown-tail moths ..	$585,000	$613,500	+$28,500
Forest pest control act	1,454,204	1,006,500	-447,704
White pine blister rust	3,677,400	4,600,000	+922,600
Total available	5,716,604	6,220,000	+503,396
1949 balance available in 1950	-450,404	- -	+450,404
Total appropriation or estimate	5,266,200	6,220,000	+953,800

a/ Adjusted for comparability with the appropriation structure proposed in the 1951 Budget Estimate.

(a) Preamble

The estimates include a proposed change in the language of this item as follows (new language underscored, deleted matter enclosed with brackets):

> For expenses necessary for carrying out operations, measures, or surveys necessary to eradicate, suppress, control, or to prevent or retard the spread of insects or diseases which endanger forest trees on any lands in the United States, and for such quarantine measures relating thereto as may be necessary pursuant to the Plant Quarantine Act of August 20, 1912, as amended (7 U. S. C. 151-167), including personal services in the District of Columbia [and], the purchase (not to exceed four) and operation and maintenance of airplanes, and construction and alteration of necessary buildings: Provided, That the cost of constructing or purchasing any one building and site (except one building at Greenfield, Massachusetts to cost not to exceed $23,500), exclusive of the cost of constructing a water supply or sanitary system and connecting the same with any such building, shall not exceed $10,000, and the cost of altering any one building during the fiscal year shall not exceed $2,500, as follows:

CHANGE IN LANGUAGE

The change provides for:

(1) The acquisition of a headquarters office at Greenfield, Massachusetts at an estimated cost of $32,500. Additional funds are required for this purpose, and the need for the purchase is explained in the increase statement for "Gypsy and brown-tail moths"..

(2) Limited general authority to construct and alter buildings within available funds required for carrying out the contract programs. Construction or the purchase of any one building, including the site, would be limited to not to exceed $10,000 (exclusive of water supply or sanitary system). Alterations of any one building would be limited to not to exceed $2,500.

Immediate needs for these limited authorities involve both the gypsy moth and blister rust control programs.

The gypsy moth project has approximately 8 temporary buildings (CCC Camp type) located at Moosic, Pennsylvania which are used to store supplies and equipment, to do minor repair work, and for field headquarters for personnel. With the successful completion of gypsy moth eradication work in that area, most or all of these buildings should be moved to New York State for similar usage. As this work progresses in that State, it will probably be advisable to move them several times during the next few years so they may be located in the immediate work area.

The gypsy moth project is operating one large DC-3 type aircraft and has an additional plane of this type available for conditioning into a spray unit, for which hangar space is not available. At present, after the seasonal spray operations are completed, it is necessary to do all reconditioning of these planes out-of-doors and thus under adverse conditions. One of the ships is hangared at an airport in Maine during the winter at a cost of $50.00 per month. The second ship is covered and stored out doors at the airport in Turners Falls, Massachusetts. It is estimated that adequate hangar space at that location, of demountable-type construction, would cost $10,000. This would be an economical investment, would afford protection to government property, and would greatly facilitate necessary repairs and maintenance operations.

In California and Oregon seasonal blister rust control field operations are conducted in remote forest areas. There is urgent need for strategic location of 3 or 4 temporary or semi-permanent buildings in these forest areas for use as storehouses and office headquarters in the field. Each season it is now necessary to transport camp equipment from Oakland, California, to the field, and bring it back in the fall. This involves long hauls up to 150 or more miles. All of this equipment could be left in the field, if buildings were available in which to store plumbing supplies, cooking utensils, cooking stoves, hot-water tanks, cots, eradication tools, parts of spray equipment, etc. In addition, the proposed buildings would provide needed field office headquarters for supervisors, foremen, checkers and other technical men directing and supervising work during the field season. The same conditions apply to a lesser extent to work in the Northwestern region.

(b) Gypsy and Brown-tail Moths

Appropriation Act, 1950	$575,000
Anticipated pay adjustment supplemental	10,000
Base for 1951	585,000
Budget Estimate, 1951	613,500
Increase	+28,500

SUMMARY OF INCREASES, 1951

For the purchase of a building at Greenfield, Mass., principally for use as a headquarters for gypsy moth control (non-recurring)	+23,500
To place on a full-year basis in 1951, pay adjustments under P. L. 429 which were in effect for only a part of fiscal year 1950	+5,000

PROJECT STATEMENT
(Amounts Shown Include Pay Adjustment Costs)

Project	1949	1950 (estimated)	Increase: P. L. 429 adjustment	Increase: Other	1951 (estimated)
1. Inspection and certification for gypsy and brown-tail moth control	$161,255	$151,300	+$1,500	- -	$152,800
2. Gypsy and brown-tail moth control	456,003	433,700	+3,500	+$23,500(1)	460,700
Total pay adjustment costs, P.L. 429 ...	- -	[10,000]	[+5,000]	- -	[15,000]
Unobligated balance	2,140	- -	- -	- -	- -
Total available ...	619,398	585,000	+5,000(2)	+23,500	613,500
Transfer in 1950 estimates from "Printing and binding, Department of Agriculture"	-798	- -			
Anticipated pay adjustment supplemental	- -	-10,000			
Total appropriation or estimate	618,600	575,000			

INCREASES

The increase of $28,500 in this item for 1951 is composed of the following:

(1) Increase of $23,500 under the project "Gypsy and brown-tail moth control" to purchase a building in Greenfield, Massachusetts to provide headquarters for field operations (non-recurring).

Need for Increase: Office space for headquarters of the Division of Gypsy Moth Control is now being rented from the City of Greenfield, Massachusetts. The building occupied by the Division was purchased by the city for school purposes, but they have now determined that the building is not required for their needs. City officials have informally indicated their willingness to sell the building to the Federal Government for approximately $23,500. The building is a warehouse-type structure of concrete construction, and can be placed in first-class condition by repairs to the roof, window-sills, etc., at an estimated cost of $2,000. It is estimated that to replace the building would cost about $100,000. Approximately 8,000 square feet of space in this building are occupied by the Division of Gypsy Moth Control, and if the building were acquired by the Federal Government approximately 5,000 square feet of additional space would be available to house other units of the Bureau or other Federal agencies conducting work in that area. Greenfield is a desirable location for headquarters for all work areas of the gypsy moth project. Other suitable space in Greenfield or within a 50-mile radius is very difficult to find, and a canvass indicates that the cost of renting necessary space would considerably exceed the cost of purchasing and maintaining this building. Therefore, purchase of the building is recommended to provide economical and efficient housing for Federal activities.

(2) Increase of $5,000 to place on a full-year basis in 1951 pay adjustments under P. L. 429 which were in effect for only a part of the fiscal year 1950.

STATUS OF PROGRAM

Current activities are directed toward the eradication and control of gypsy and brown-tail moths and include quarantine measures to prevent their further spread. The work is done under the direction of the Bureau of Entomology and Plant Quarantine, in cooperation with State and local governments and private interests.

Examples of Recent Progress and Trends:

1. Inspection and certification of products to prevent spread by artificial means.

A procedure was authorized on April 15, 1949 to permit certification of plants from nursery areas which had been treated with annual applications of DDT under supervision. In June, several nurseries purchased mist blowers and sprayers, and treated over 200 acres of plants. More growers are planning such treatments during the pre-larvae period in 1950. This provides appropriate safeguards, reduces inconvenience to the growers, and lightens the inspection and certification load during peak shipping periods, thus reducing complaints due to delays occasioned by plant inspection.

Inspectors work with shippers and producers to point out the benefits of selecting areas free from gypsy moth or applying treatments to suppress infestations in sections where lumber, pulpwood, and quarry products are produced. Where regulated articles are produced or processed in a manner to free them of any infestation they may be certified under special agreements with the producers.

On April 1, 1949 Canada issued a revised quarantine which requires a certificate of inspection on infestible products from gypsy moth quarantined states. In the following three months, about 1,400,000 board feet of lumber and 115,000 logs were certified by project inspectors for shipment to Canada.

Fumigation procedures for killing gypsy moth eggs on cut evergreen trees and boughs were modified to eliminate the need for circulating fans in treated cars when the dosage of methyl bromide was increased. These changes simplified the treating work, which was done by the shipper, and yet assured 100% kill of gypsy moth eggs.

2. Control and survey operations.

Approximately 195,000 acres or 304 square miles of infested forest areas were sprayed with DDT by Federal and State cooperating agencies during 1949 in the work areas in

Pennsylvania, New York, and Western New England. This work included treatment of more than 33,000 acres which comprised the known infested area where gypsy moth infestation was found during 1948 in Bucks County, Pennsylvania. The insecticides, solvents, and most of the ground personnel for spraying in the regular work areas of Pennsylvania, New York, and western Massachusetts, were furnished by the State and local cooperators.

Of special interest and significance was the locally instigated program in Barnstable County, Massachusetts where the State, the county, and the towns organized and treated nearly 230,000 acres, furnishing insecticides, labor, and all aircraft used except one. The Bureau cooperated by furnishing technical assistance, and equipment including one airplane. As a result of this work and for the first time in more than 30 years this area, which is in the section of general infestation and has been heavily infested and defoliated each year, was free from defoliation during the current season.

The adaptability, effectiveness, and economy of the DC-3 type of airplane for use in spraying forest areas was fully demonstrated. One such plane, which was equipped with spray apparatus developed and installed by Federal personnel, sprayed more than 106,000 acres during 1949.

No viable gypsy moths have been found since treatment was applied in work areas in Pennsylvania, New York, or in western New England. A few male moths have been detected in Barnstable County but these may be stragglers from nearby heavily infested areas. Careful observations in all treated areas confirm previous conclusions that in the low dosages used in gypsy moth control, DDT may be applied with no significant effect on bees, birds, or other wildlife.

Survey of Spray Treatment Work Areas in Pennsylvania, New York, and western New England

State	Acres Treated with DDT by Aircraft	Mist Blowers	Knapsacks	Total
Pennsylvania	32,170	18,486	343	50,999
New York	129,690	4,670	11	134,371
Connecticut	85	4,148	0	4,233
Vermont	235	2,085	2	2,322
Massachusetts exclusive of Barnstable County			3,059	3,059
Subtotals	162,180	29,389	3,415	194,984
Barnstable County	228,396	1,435	0	229,831
Total	390,576	30,824	3,415	424,815

(c) Forest Pest Control Act

Appropriation Act, 1950	$750,000
Anticipated pay act supplemental	3,800
Activities transferred in the 1951 estimates from "Control of emergency outbreaks of insects and plant diseases", for detection surveys and control operations	250,000
Base for 1951	1,003,800
Budget Estimate, 1951	1,006,500
Increase	+2,700

Note: There is no change in the amount requested for this item in 1951, except an amount of $2,700 to place on a full-year basis in 1951 pay adjustments under P. L. 429 which were in effect for only a part of fiscal year 1950. However, there will be a decrease in funds available for obligation in fiscal year 1951 due to the availability in 1950 of a prior year balance of $450,404.

PROJECT STATEMENT
(On available funds basis)
(Amounts Shown Include Pay Adjustment Costs)

Project	1949	1950 (estimated)	Increase or decrease: P.L. 429 adjustment	Increase or decrease: Other	1951 (estimated)
1. Detection and appraisal surveys	$39,057	$289,381	+$2,400	-$11,081	$280,700
2. Operations to control destructive forest pests on lands irrespective of ownership	614,827	1,164,823	+300	-439,323	725,800
Total pay adjustment costs, P.L. 429	[- -]	[3,800]	[+2,700]	[- -]	[6,500]
Unobligated balance	1,791	- -	- -	- -	- -
Total available	655,675	1,454,204	+2,700(2)	-450,404(1)	1,006,500
Transferred from "Control of emergency outbreaks of insects and plant diseases"	- -	-250,000			
1948 appropriation obligated in 1949	-221,079	- -			

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Project	1949	1950 (estimated)	Increase or decrease: P.L. 429 adjustment	Increase or decrease: Other	1951 (estimated)
1949 balance available in 1950	+450,404	-450,404			
Anticipated pay adjustment supplemental	- -	-3,800			
Total appropriation or estimate	885,000	750,000			

The 1950 Program: Information from inspections during the 1949 season disclosed that major outbreaks of infested forest pests in many sections of the country will need to be controlled in 1950 to prevent extensive losses. (a) Spruce budworm has approximately one million acres of valuable timber in Oregon and a much greater area is subject to infestation unless control measures are applied. The effective program initiated in 1949 is being continued. (b) An Englemann spruce bark beetle outbreak has killed approximately 25 percent of spruce in Colorado during the past four years, representing approximately 4 billion board feet of timber. Smaller, isolated infestations spreading from this outbreak expose some of the more important stands remaining in this and neighboring States. Unless these new infestations are suppressed even more extensive damage must be anticipated during the next few years. To effectively suppress these outbreaks involves treatment of approximately 460,000 trees. (c) Some additional work is urgently needed to complete suppression of the bark beetle outbreak on the Targhee-Teton Forest in Northwest Wyoming before further spread takes place. (d) A bark beetle infestation on the Thompson River in Montana threatens valuable stands of mature timber on both Federal and private lands.

Other smaller projects to receive attention include spruce bark beetle in Maine, bark beetle in the Black Hills of South Dakota, and bark beetles in white pine on the Coeur d'Alene National Forest in Idaho.

In all cases the work on State and private lands will be jointly financed with the Federal Government assuming not to exceed 50 percent of the overall cost. In order to be prepared to undertake aggressive control operations at the season when the most effective work can be done, it now appears that supplemental funds may be required in the 1950 fiscal year.

INCREASES AND DECREASES

(1) Decrease of $450,404 under projects 1 and 2 on a total available funds basis. The reduction of $450,404 in total available funds will be applied against the project for detection and appraisal surveys in the amount of $11,081 and the project on operations to control destructive forest pests on lands irrespective of ownership in the amount of $439,323.

(2) Increase of $2,700 to place on a full year basis in 1951 pay adjustments under P. L. 429 which were in effect for only a part of the fiscal year 1950.

STATUS OF PROGRAM

Current Activities. This program contemplates carrying out the purposes of the Forest Pest Control Act, approved June 25, 1947, which established a national policy to protect and preserve forest resources of the United States from destructive insect pests and diseases, thereby enhancing the growth and maintenance of forests, promote stability of forest-using industries, aid in forest fire control, conserve forest cover on watersheds, and protect recreational and other values of forests.

The Bureau of Entomology and Plant Quarantine is responsible for detection and appraisal surveys and for leadership in cooperative control programs conducted on State and privately owned lands. The Forest Service conducts control activities on lands under its jurisdiction. The various units of the Department of the Interior are responsible for control activities conducted on lands under their jurisdiction.

Examples of Recent Progress and Trends:

Detection and Appraisal Surveys

Additional funds were provided in 1950 for detection and appraisal surveys under the Forest Pest Control Act. The new work has been initiated and field headquarters for activities have been established at eight stations located in various forest areas of the country. The program calls for surveys to detect infestations of forest insect pests and plant diseases, appraisals to determine the status and importance of those which are found, and, in cooperation with research units, preparation of recommendations for control measures when these are indicated.

Control Operations

The Second Deficiency Appropriation Act, 1949, provided $750,000 for operations to control various forest insect pests. These funds, which became available June 23, 1949, were for use through September 30, 1949, and allotments were made to the Forest Service ($658,000), National Park Service of the Department of the Interior ($30,000), and the Bureau of Entomology and Plant Quarantine ($62,000). Part of the funds allocated to the Bureau of Entomology and Plant Quarantine were used to provide technical advice to the Federal agencies carrying out various control projects; and a part was used to carry out certain phases of a cooperative experimental control project on spruce budworm in the State of Maine. The allocation to the National Park Service provided for work to control an infestation of mountain pine beetle in the Teton National Park. The Forest Service allocation was used for several control projects. The funds became available so late in the season that it was not possible to do all of the work

that was contemplated. In fact no work was done on the Coeur d'Alene National Forest in Idaho where a serious infestation occurred in white pine. Summary reports of the control work have not been completed, and the results cannot be appraised accurately until surveys have been completed. Comments on some of the projects follow:

(a) Targhee-Teton Project.

Control operations in the national forests were terminated July 22, where 14,549 trees were treated. In some areas the number of trees treated was somewhat higher than estimates on the survey had indicated would be necessary; in other areas they were lower. In the Teton National Park treatment was applied on 5,963 acres, with 3,369 trees treated. This is 44 percent of the total known trees that should have been treated.

(b) Thompson River Project.

A serious bark beetle outbreak in the Thompson River area on privately-owned land and on part of the Flathead National Forest was combatted through a cooperative control program to protect valuable lodgepole pine and ponderosa pine. Private owners contributed about one-third of the cost of control work which was administered by the Forest Service.

(c) Spruce Budworm in Oregon.

Control applications of DDT were made from aircraft against the spruce budworm in two sections in Oregon—one in the Eugene area involving 166,000 acres and the other in the Mount Hood area involving 106,000 acres. The activities were carried on cooperatively by Federal, State, and private agencies. Work appeared to have been very successful as these two areas stand out as green islands of protected trees in contrast to some of the surrounding area where light infestations of spruce budworm occur. It seems likely that further treatments will be required in this area during the next spring.

(d) Spruce Budworm in Maine.

Funds provided became available too late to carry on the contemplated experimental test over some 20,000 acres in Maine. Small plots were treated with various insecticidal formulations late in the season. The results of these tests suggest that infestations of spruce budworm in this area may be controlled by means of aircraft if insecticides

are properly applied and properly timed. Current information indicates the population of spruce budworm in this area is on the increase, and it is expected that serious defoliation will occur next season over part of the area and that in some sections it may be of such severity as to cause death of the trees.

In addition to the above, control projects were carried on in the Black Hills area of South Dakota and in the Rocky Mountain Parks area to protect ponderosa pine from the Black Hills bark beetle. Information as to the results of these control operations will be available at a later date.

(d) White Pine Blister Rust

Appropriation Act, 1950	$3,645,000
Anticipated pay adjustment supplemental.....	32,400
Base for 1951	3,677,400
Budget Estimate, 1951	4,600,000
Increase	+922,600

SUMMARY OF INCREASES, 1951

To accelerate initial work and rework on State and private lands; to enable the Department to match funds for ribes eradication provided by cooperating State and private agencies; and to extend control work on National Forest lands in the Western white pine region	+900,000
To place on a full-year basis in 1951, pay adjustments under P. L. 429 which were in effect for only a part of fiscal year 1950	+22,600

PROJECT STATEMENT
(Amounts Shown Include Pay Adjustment Costs)

Project	1949	1950 (estimated)	Increase		1951 (estimated)
			P.L. 429 adjustment	Other	
1. Leadership, coordination and technical direction of white pine blister rust control (Entomology and Plant Quarantine) ...	$727,908	$752,400	+$11,300	- -	$763,700
2. Blister rust quarantine enforcement (Entomology and Plant Quarantine)	14,987	15,500	+100	- -	15,600
3. Blister rust control operations on the national forests (Forest Service)	1,969,721	1,936,450	+10,700	+$250,000(1)	2,197,150
4. Cooperative blister rust control on State and privately-owned lands (Entomology and Plant Quarantine)	442,521	407,700	+500	+650,000(1)	1,058,200

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Project	1949	1950 (estimated)	Increase: P.L. 429 adjustment	Increase: Other	1951 (estimated)
Total pay adjustment costs, P.L. 429	- -	[32,400]	[+22,600]	[+5,100]	[60,100]
Unobligated balance	12,951	- -	- -	- -	- -
Total available, Department of Agriculture .	3,168,088	3,112,050	+22,600	+900,000	4,034,650
Transfer to Department of Interior for blister rust control operations on lands under jurisdiction of Department of Interior	582,000	565,350	- -	- -	565,350
Total available ..	3,750,088	3,677,400	+22,600(2)	+900,000	4,600,000
Transfer to "Salaries and Expenses, Office of Information, Department of Agriculture"	5,157				
Transfer in 1950 estimates from "Printing and binding, Department of Agriculture"	-5,245	-32,400			
Total appropriation or estimate	3,750,000	3,645,000			

The increase of $922,600 in this item for 1951 is composed of the following:

(1) Increase of $900,000 under projects 3 and 4 to accelerate initial work and rework on State and private lands; to enable the Department to match funds for ribes eradication provided by cooperating State and private agencies; and to expand control work on National Forest lands in the Western white pine region where the rust is causing serious damage.

Objective: To protect the white pine forests of the nation from blister rust depletion by controlling this disease in white pine forest areas.

Importance of white pines. White pines are valuable forest and ornamental trees in the 28 States where blister rust is present. They have been a source of strength to the conomy of the country and have played an important part in its settlement and development. The dollar value of this past contribution to the national welfare is inestimable. Although

drawn on heavily for many decades, this forest resource is still an important factor in our economy and provides the raw material for widespread logging, milling and manufacturing industries. The wood brings top prices on the market, and is considered especially valuable because of its quality and workability. White pines have high aesthetic and recreational values and some are extensively used for reforestation. The national wood supply situation indicates that the country will continue to need all of the white pine it can produce. In 1945 white pine saw-timber on commercial forest land was estimated at 55.6 billion board feet. Stumpage value at $10.00 per thousand board feet would be $556,000,000. The lumber value at the mill would be about three times this amount and the manufactured value still higher. This does not take into consideration the young growth which has a high potential value as future timber crops. Control of blister rust is necessary in a large part of the white pine forest area to maintain these trees as commercial timber species.

Need for Increase: The blister rust control problem involves the removal and suppression of ribes on a control area of 27.5 million acres. This area consists of 22.1 million acres o State and privately-owned lands, and 5.4 million acres of Federally-owned lands. These lands supply the Nation's white pine timber requirements. About 80 percent of the land is State and privately-owned, and 20 percent Federally owned.

During the decade 1933-42, ribes were removed initially from the major portion of the control area with CCC and WPA labor. Labor and funds to rework this area were limited during the war. In addition, increased logging during the war left a large amount of cut-over land on which ribes and pine regeneration created a serious rust hazard and control problem. Since all of these areas could not be worked, available labor and funds were used to maintain control of the disease in the better stands of young growth. As a result, rework unavoidably got behind schedule on a large acreage and remaining initial work could not be completed. In these areas the disease is damaging the white pines, expecially the younger age classes on which depend tomorrow's timber crops. This remaining work is a large job. Control work should be conducted on as large a scale as possible to reduce rust losses and get these areas in condition to grow timber undamaged by blister rust. Once this condition is reached, future expenditures for rust control can be reduced.

Status of control work: Of the 27.5 million acres in the control area, 23.4 million acres have been initially worked, 8.0 million acres have been reworked once, and 1.9 million acres two or more times. Control of the disease is being maintained on 12.7 million acres or 46 percent of the control area. The remaining 54 percent requires initial work on 4.0 million acres and rework on 10.6 million acres.

Cooperation of State and private agencies. The funds provided by State and private cooperating agencies for this work have gradually increased from $279,815 for the fiscal year 1945 to $701,565 for 1950. During the past 3 years Federal funds for ribes eradication have not been sufficient to match similar funds provided by cooperating State and local agencies. This reduces the amount of work that can be accomplished and has a detrimental effect on the morale of the cooperating agencies, who have anticipated that Federal funds would be provided on at least a 50-50 matching basis as authorized under the so-called Lea Act (16 U.S.C. 594a). Owners of industries dependent on white pine for raw material and State and private timber-owners feel that the Federal Government should take the lead in control work because the rust threatens a natural forest resource and requires country-wide action to cope with the problem. These owners will continue to cooperate in the work but the size of the job is far beyond their resources. They look upon it as a responsibility of the Federal government to protect this forest resource and assure the nation of an adequate future supply of white pine timber.

Plan of Work: Blister rust control is conducted under the leadership of the Bureau of Entomology and Plant Quarantine. The Bureau carries the responsibility for cooperation with State and private agencies in the application of control measures on non-Federal lands and for the over-all planning, coordination and technical direction of the work on lands of all ownerships. The work will continue to follow the same general principles and established plan of cooperative attack. However, advantage will continue to be taken of new developments to get more and better work done through improvements in methods, equipment and operations. The most difficult problems are in the western areas. The new and more potent chemical 2,4-D is being effectively used on areas where ribes are thick in the sugar pine region. It formerly required 8 to 10 man-days per acre to clear these areas of ribes by hand methods. They are now cleared with 2,4-D sprays at the rate of one acre per man-day. A few ribes are found with roots under logs or in rock crevices where uprooting is impractical. These bushes are now cut off at the crown and killed by wetting the cut surface with chemicals. In the western white pine region, ribes on cut-over areas are treated with 2,4,5-T using power equipment. Broadcast spraying of such areas is proving more effective and efficient than hand methods. Application of chemicals by helicopter has been given trial tests in both regions and promises to be of practical use on some areas.

Increased knowledge of ribes distribution and the mechanics of finding them has improved work methods. Removal of scattered ribes with laborers in crew formation has been replaced by use of scouts and individuals to work assigned areas and by contracting for work on a competitive bid basis, with resultant lower costs, better work and increased production. As a result of ecological studies, changes in cutting practice in the western white pine type utilize shade to devitalize seed and help suppress ribes. Also, controlled burning is used on some areas to remove fire hazards,

destroy ribes bushes and seed in the soil, and prepare sites for replanting to white pine. Better and cheaper ways of removing and suppressing these bushes are persistently sought. Changes in work methods, equipment and field operations are promptly put into practice when demonstrated to be better than those in current use.

The increase proposed provides that the appropriation to the Forest Service be increased by $250,000 to expand the work on National forest lands in the western white pine region referred to as the Inland Empire; and that the appropriation to the Bureau of Entomology and Plant Quarantine be increased by $650,000 to more effectively carry on work on non-Federal lands in cooperation with State and private agencies who have been providing more than 50% of the funds used for ribes removal on these lands.

(2) Increase of $22,600 necessary to place on a full-year basis in 1951, pay adjustments under P. L. 429 which were in effect for only a part of fiscal year 1950.

STATUS OF PROGRAM

Current activities: The purpose of this work is to control the destructive, introduced, blister rust disease of white pines which destroys one of our most valued forest resources.

Under the authorizing legislation and agreements with cooperating agencies, the Bureau of Entomology and Plant Quarantine is responsible for leadership, coordination, and technical direction of the over-all phases of the work for all the participating agencies and, in addition, for cooperative control work on state and private lands. The Forest Service is responsible for control work on National Forest lands; and the Department of the Interior for control work on National Park, Indian, public domain and Oregon and California Revested lands. In carrying out its over-all responsibilities, the Bureau of Entomology and Plant Quarantine:

(a) Selects white pine areas for protection.
(b) Classifies these areas for lumber production, or for aesthetic and recreational values in relation to the feasibility of control.
(c) Schedules the time interval for reworking control areas.
(d) Examines burned and logged areas for retention or elimination from control areas.
(e) Inspects planting sites to select those that are ribes-free.
(f) Conducts surveys to determine location of host plants, spread of rust, degree of damage, and effectiveness of applied control measures.
(g) Develops new methods of destroying ribes and tests new chemicals and equipment.
(h) Recruits and trains seasonal workers for participating agencies.
(i) Keeps records and maps for all control work.
(j) Selects sites for seasonal camps.
(k) Works out practical solutions for troublesome control problems.
(l) Maintains quarantine restrictions to prevent replanting of ribes in control areas.

Examples of Recent Progress and Trends:

1. Methods of finding and destroying ribes are constantly being improved. Increased use of new herbicides is speeding up the eradication work on areas heavily infested with ribes where hand-grubbing is difficult. Power equipment is used to broadcast chemicals on areas heavily infested with ribes. The Hi-Fog gun gives good results in areas where selected treatment with small amounts of concentrated solution is most

practical. In California about 3,000,000 Ribes roezli plants were destroyed on 1,242 acres by spraying with 2,4-D. In the western white pine region of Idaho and western Montana, Ribos petiolare, lacustre and viscosissimum growing on 1,858 acres were sprayed with 2,4-D, 2,4,5-T or Amate.

2. Cooperating agencies issued 107 contracts to private individuals on designated areas for ribes eradication in the sugar pine region. Ribes were removed from 15,000 acres at an average cost of $4.86 an acre under these contracts. In the western white pine region contract work was completed on about 1,000 acres at approximately three-fourths the average cost of regular work.

3. Tests of the helicopter for spraying ribes with 2,4-D were made on the Sierra National Forest in California. The helicopter equipped with a 44-nozzle boom was effectively flown within 30 feet of the ground at elevations of 5,200 to 6,000 feet. Damage to ribes was spotty wherever these plants were screened by other vegetation. The apparent kill of ribes is closely correlated with the density of spray deposited. The use of the helicopter in applying chemicals where the danger of killing other vegetation is not a problem offers some promise. Further tests will be conducted in 1950.

4. About 1,000 miles of strip survey was carried on in reproduction and pole size stands of western white pine in the Inland Empire to determine the pine stocking and damage from blister rust. The original stocking in these stands had been reduced by a 25 percent loss from blister rust, leaving potential timber volumes at 120 years of age averaging 15,750 board feet of white pine an acre. Each year that control work is delayed, approximately 3 percent of the stand is becoming infected. Rust infection occurring through 1937 is responsible for a large part of the damage in pole size white pine timber, although in unprotected areas where ribes were present, considerable infection occurred in 1941.

5. The environs of 12 nurseries were reworked to protect 65,000,000 white pines for forest planting. This involved removing 2,066 ribes from 6,153 acres.

6. The Federal, state, private and local agencies participating in the white pine blister rust control project removed more than 20,500,000 ribes from 1,679,000 acres during 1948. About one-third of the work was initial removal of ribes and the remainder was reworking partially protected areas. Control of the rust became fully established on over 743,000 acres. The Bureau of Entomology and Plant Quarantine continued its

responsibility of furnishing the over-all leadership, planning, coordination and technical direction of the work for all agencies cooperating in the White Pine Blister Rust Control project.

7. The following tables give the status of the work at the end of the calendar year 1948.

WHITE PINE BLISTER RUST CONTROL

Table 1.--Ribes Eradication by Operating Agencies
during the calendar year 1948
(Initial and Rework)

Operating Agencies	Initial Eradication (Acres)	Reeradi-cation (Acres)	Total (Acres)	Effective Labor (Man-Days)	Ribes Destroyed (Number)
Federal:					
National Forests	160,750	97,376	258,126	79,704	8,484,689
Interior Department:					
O&C Revested Lands	3,212	3,980	7,192	1,697	46,594
National Parks	12,604	17,836	30,440	23,726	2,785,122
Indian Reservations	11,943	11,494	23,437	9,642	1,734,685
Sub-total: Interior	27,759	33,310	61,069	35,065	4,566,401
Total - Federal	188,509	130,686	319,195	114,769	13,051,090
State and Private	347,950	1,012,368	1,360,318	74,036	7,540,248
Grand Total	536,459	1,143,054	1,679,513	188,805	20,591,338

Table 2.--Progress of Ribes Eradication on State and Private Lands through 1948

Region	Total Acres		First Working		2d Working	Other Workings	On Maintenance		Remaining Work	
	Control Area	Acres	Per Ct.	Acres		Acres	Acres	Per Ct.	Unworked Acres	Requiring rework-Acres
Northeastern	11,577,059	10,729,239	93	5,780,267		1,296,071	4,123,858	36	847,820	6,605,381
So. Appalachian	5,247,100	5,171,694	99	187,263		35,105	4,908,639	93	75,406	263,055
North Central	3,424,187	2,530,406	74	824,535		130,421	954,655	28	893,781	1,575,751
Sub-Total:East	20,248,346	18,431,339	91	6,792,065		1,461,597	9,987,152	49	1,817,007	8,444,187
Northwestern	1,177,349	678,915	58	190,428		67,826	249,580	21	498,434	429,335
Pacific Coast	682,305	386,955	57	158,756		71,492	61,922	9	295,350	325,033
Sub-Total:West	1,859,654	1,065,870	58	349,184		139,318	311,502	17	793,784	754,368
Grand Total	22,108,000	19,497,209	88	7,141,249		1,600,915	10,298,654	47	2,610,791	9,198,555

Table 3.--Progress of Ribes Eradication on Department of Interior Lands through 1948

Region	Total Acres: Control Area	First Working: Acres	First Working: Per Ct.	2d Working: Acres	Other Workings: Acres	On Maintenance: Acres	On Maintenance: Per Ct.	Remaining Work: Unworked Acres	Remaining Work: Requiring rework-Acres
NATIONAL PARKS									
Northeastern	16,872	16,872	100	16,872	8,207	16,872	100	--	--
So. Appalachian	137,611	136,459	99	7,868	4,123	124,692	91	1,152	11,767
North Central	120	120	100	--	--	--	--	--	120
Subtotal-Eastern	154,603	153,451	99	24,740	12,330	141,564	92	1,152	11,887
Northwestern 1/	23,590	15,740	67	8,487	12,221	10,285	44	7,850	5,455
Pacific Coast	274,273	108,313	39	42,373	9,771	24,442	9	165,960	83,871
Subtotal-Western	297,863	124,053	42	50,860	21,992	34,727	12	173,810	89,326
Total-Nat'l Parks	452,466	277,504	61	75,600	34,322	176,291	39	174,962	101,213
O&C REVESTED LANDS									
Pacific Coast	83,114	37,859	46	6,806	--	19,912	24	45,255	17,947
PUBLIC DOMAIN LANDS									
Northwestern	30,039	16,727	56	6,235	2,701	6,634	22	13,312	10,093
INDIAN LANDS									
So. Appalachian	445	445	100	--	--	445	100	--	--
North Central	125,053	114,348	91	61,605	26,224	57,966	46	10,705	56,382
Total-Indian Lands	125,498	114,793	91	61,605	26,224	58,411	47	10,705	56,382
GRAND TOTAL	691,117	446,883	65	150,246	63,247	261,248	38	244,234	185,635

1/ Includes Mt. Rainier 3,590 acres, Glacier 5,000, Yellowstone 9,000, and Rocky Mountain 6,000. Indefinite as final acreage to be determined.

Table 4.--Progress of Ribes Eradication on National Forest Lands through 1948

Region	Total Acres: Control Area	First Working: Acres	First Working: Per Ct.	2d Working: Acres	Other Workings: Acres	On Maintenance: Acres	On Maintenance: Per Ct.	Remaining Work: Unworked Acres	Remaining Work: Requiring Re-work Acres
Northeastern	8,308	8,308	100	6,262	4,425	5,978	72	--	2,330
So. Appalachian	1,703,037	1,674,609	98	69,607	17,509	1,579,052	94	28,428	95,557
North Central	387,766	276,281	71	134,582	33,283	150,955	39	111,485	125,326
Subtotal-East	2,099,111	1,959,198	93	210,451	55,217	1,735,985	83	139,913	223,213
Northwestern	1,404,712	1,064,963	76	295,424	83,282	349,469	25	339,749	715,494
Pacific Coast	785,550	419,329	53	204,732	110,270	75,533	10	366,221	343,796
Subtotal-West	2,190,262	1,484,292	68	500,156	193,552	425,002	19	705,970	1,059,290
Total	4,289,373	3,443,490	80	710,607	248,769	2,160,987	50	845,883	1,282,503
Rocky Mountain (Colo. & Wyo.)1/	421,000	36,619	9	1,962	- -	17,000	4	384,381	19,619
Grand Total	4,710,373	3,480,109	74	712,569	248,769	2,177,987	46	1,230,264	1,302,122

1/ Experimental work with WPA labor to determine feasibility of control - Remaining work indefinite.

Table 5.--Progress of Ribes Eradication on Lands in all Ownerships through 1948

Region	Total Acres: Control Area	First Working: Acres	First Working: Per Ct.	2d Working: Acres	Other Workings: Acres	On Maintenance: Acres	On Maintenance: Per Ct.	Remaining Work: Unworked Acres	Remaining Work: Requiring Re-work Acres
Northeastern	11,602,239	10,754,419	93	5,803,401	1,308,703	4,146,708	36	847,820	6,607,711
So. Appalachian	7,088,193	6,983,207	99	264,738	56,737	6,612,828	95	104,986	370,379
North Central	3,937,126	2,921,155	74	1,020,722	189,928	1,163,576	30	1,015,971	1,757,579
Subtotal-East	22,627,558	20,658,781	91	7,088,861	1,555,368	11,923,112	53	1,968,777	8,735,669
Northwestern	2,620,690	1,768,965	68	499,096	165,878	611,333	23	851,725	1,157,632
Pacific Coast	1,825,242	952,456	52	412,667	191,533	181,809	10	372,786	770,647
Subtotal-West	4,445,932	2,721,421	61	911,763	357,411	793,142	18	1,724,511	1,928,279
Total	27,073,490	23,380,202	86	8,000,624	1,912,779	12,716,254	47	3,693,288	10,663,948
Rocky Mountain (Colo.&Wyo.) 1/	436,000	43,999	10	3,440	152	21,635	5	392,001	22,364
Grand Total	27,509,490	23,424,201	85	8,004,064	1,912,931	12,737,889	46	4,085,289	10,686,312

1/ Experimental work with WPA labor to determine feasibility of control - Remaining work indefinite.

PASSENGER MOTOR VEHICLES AND AIRCRAFT

Passenger Vehicles

Of the 13 vehicles to be replaced all will be of 1943-year model or older and will have been driven in excess of 75,000 miles. Nine of these cars are for use by supervisors in the Northwestern, North Central, and Northeastern regions conducting Blister Rust control operations; the remaining 4 are for use on Gypsy and Brown Tail Moth operations working out of Greenfield, Massachusetts and Bloomfield, New Jersey.

Airplanes

Two replacement planes are for use on federal-state cooperative efforts in the control of gypsy and brown-tail moths. Aircraft have been shown to be extremely effective on this work. Two additional planes are for use for detection surveys in forested areas. These surveys will be conducted to determine the status of forest pests as a basis for control measures.

FOREST SERVICE

Purpose Statement

The Forest Service, established February 1, 1905, succeeding the Bureau of Forestry, is charged with responsibility for promoting the conservation and wise use of the country's forest and related watershed lands. Authority for the work of the Service stems from numerous acts, the more important ones being the Timber Culture Repeal Act of March 3, 1891; Sundry Civil Appropriation Act of June 4, 1897; "Transfer" Act of February 1, 1905; "Weeks" Act of March 1, 1911; Act of June 7, 1924; Forest Research Act of May 22, 1928; and Cooperative Farm Forestry Act of May 18, 1937.

Forest and watershed lands comprise one-third of the total land area of the United States.

To meet its responsibility the Forest Service engages in three main lines of work, as follows:

(1) Management, protection, and development of the National Forests. Under instructions from Secretary Wilson in 1905 this is to be done for "the greatest good of the greatest number in the long run." This in turn calls for obtaining the maximum practicable yield and use of their many resources on a continuing basis, to meet both local and national needs - under both normal conditions and during times of stress. The 180,000,000 acres of National Forests are located in 40 States, Alaska, and Puerto Rico.

Im managing the National Forests technical forestry is applied to the growing and harvesting of timber crops. Estimated harvest through timber sales in 1950 is 3.7 billion board feet. The grazing of approximately nine million head of livestock is scientifically managed to obtain range conservation along with use of the annual growth of forage. Watersheds are managed for regulation of stream flow, flood control, sources of water for power, irrigation, navigation, and municipal supply. Some provision is made for the more than 20 to 50 million visits of people to the National Forests for recreation purposes. Effort is made to apply needed scientific management to the extensive wildlife resources. Receipts from timber sales, grazing permits and other sources exceeded $30,000,000 in 1949.

The protection of the National Forests is a major responsibility and includes the control of forest fires which numbered 11,221 in the first eleven months of the calendar year 1949; the control of tree diseases and insect epidemics; and the prevention of trespass.

The major development activities on the National Forests consist of:

(a) Reforestation of denuded and lightly stocked forest lands.
(b) Revegetation of denuded range lands.
(c) Construction of improvements, including lookout towers, ranger stations, telephone lines, fences, etc. Also roads which are extremely important, and largely self-liquidating, because of the large bodies of inaccessible mature and overmature timber on the National Forests which are needed for housing and other uses. One-third of the remaining sawtimber in the country is in the National Forests.

(d) The acquisition of additional forest land through purchase and exchange.

(2) Cooperation with the States and private forest landowners is provided by the Forest Service:

(a) To obtain better fire protection on the 439,000,000 acres of State and privately owned forest lands.
(b) To obtain better forest practices on and returns from 345,000,000 acres of commercial forest lands in private ownership. Only about 8 percent of the cutting on such lands is now being done in line with good forestry practice.
(c) To aid in the distribution of planting stock to private forest landowners for the purpose of establishing forests and shelterbelts.
(d) To stimulate development and proper management of state, county and community forests.

(3) Forest and Range Research. The Forest Service conducts investigations in the entire field of forestry and range management, regardless of ownership, including the growth, protection, and harvesting of timber; management of range lands; protection and management of watersheds; and research in forest economics. It is conducting a forest survey of the United States - a study of present extent and potential growth and utilization of the Nation's forest resources. Research to obtain greater use of the tremendous waste, and to obtain more efficient and economical utilization of forest products is a major program, centered at the Forest Products Laboratory, Madison, Wisconsin. The results of research are available to consumers and manufacturing plants generally, to the more than 4,000,000 owners of private forest and range lands, and to the many public agencies which administer such lands.

In addition, the Forest Service carries on the following activities:

(4) Flood Control. In areas assigned by the Secretary, the Forest Service makes preliminary examinations and surveys under the Flood Control Act of 1936, as amended and supplemented, and installs watershed improvement measures to retard runoff and reduce flood water and sediment damage in Congressionally authorized watersheds. The Service has primary responsibility for watershed improvement measures on National Forests and adjacent range lands unsed in conjunction with such forests, and other forest lands. Work on non-Federal lands is carried on in cooperation with appropriate State and local agencies.

(5) Work performed for others. Because of the widespread geographical location of Forest Service activities, the technical skills available in the organization, and for other similar reasons, the Forest Service is frequently called upon to perform services for other Federal, State, and private agencies on a reimbursable or advance payment basis. All projects benefit the Forest Service as well as the cooperator. Examples of these activities are:

(a) Protection of private and other Federal forest lands intermingled with the National Forests.
(b) Disposal of slash resulting from sales of timber to contractors on National Forests, and the rehabilitation of such areas.
(c) Construction and maintenance of range improvements, roads, etc.
(d) Investigations in forest, range, and water management and utilization problems.
(e) Cooperative survey, mapping, administrative, reforestation projects, etc.

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The Forest Service maintains its central office in Washington with program activities decentralized to 10 Regional offices, 135 Forest Supervisors offices, 750 District Rangers offices, 12 Forest and Range Experiment Stations, the Forest Products Laboratory, and 62 Research Centers. On November 30,1949 the Forest Service had 9,240 full time employees, of whom 318 are in the central office, and the balance in the field, and 2,180 part time employees in the field. The November 30 employment figures for the field are lower than average for the year because of seasonal factors.

	Estimated, 1950	Budget Estimate, 1951
Appropriated funds:		
General administrative expenses	$669,500	$676,500
National forest appropriations	a/38,543,702	43,877,500
Cooperation with States	10,075,400	12,075,400
Research appropriations	4,975,600	5,512,600
Total appropriated funds (excluding permanent appropriations)	54,264,202	62,142,000

a/ Includes $607,312 available from prior year balance.

Summary of Appropriations, 1950, and Estimates, 1951

(Amounts Include Estimated Pay Adjustment Supplementals)

Item	Total estimated available, 1950 a/	Budget estimates, 1951	Increase (+) or decrease (-)
Salaries and expenses:			
General administrative expenses	$669,500	$676,500	+$7,000
National forest protection and management	26,870,390	30,270,500	+3,400,110
Fighting forest fires	100,000	100,000	- -
Forest and range management investigations	2,899,600	3,015,600	+116,000
Forest products	1,193,000	1,203,500	+10,500
Forest resources investigations	883,000	1,293,500	+410,500
Total, salaries and expenses	32,615,490	36,559,600	+3,944,110
Forest development roads and trails	b/10,348,000	12,465,000	+2,117,000
Forest fire cooperation	9,000,000	10,000,000	+1,000,000
Farm and other private forestry cooperation	1,075,400	2,075,400	+1,000,000
Acquisition of lands for national forests	401,000	700,000	+299,000
Weeks act, Superior National Forest, Minn.	75,000	200,000	+125,000
Acquisition of lands from national forest receipts	142,000	142,000	- -
Payments to school funds, Arizona and New Mexico, national forests fund (permanent)	61,000	61,000	- -
Payments to states and territories from national forests fund (permanent)	7,719,490	7,500,000	-219,490
Roads and trails for States, national forests fund(permanent)	3,088,000	3,000,000	-88,000
Total	64,525,380	72,703,000	+8,177,620
Deduct permanent appropriations (shown in detail above)	10,868,490	10,561,000	-307,490
Total, direct annual appropriation	53,656,890	62,142,000	+8,485,110

a/ Amounts are adjusted for comparability with the appropriation structure proposed in the 1951 Budget Estimates.
b/ Excludes $607,312 prior year balance available.

Salaries and Expenses

(a) Preamble

The estimates include proposed changes in the language of this item as follows (new language underscored):

* * * Provided, That the cost of any building purchased, erected,
1 or as improved, exclusive of and without limitation on the cost of constructing a water-supply or sanitary system and of connecting the same with any such building, and exclusive of the cost of any tower upon which a lookout house may be erected, shall not exceed $15,000, with the exception that any building erected, purchased, or acquired, the cost of which was $15,000 or more, may be improved out of the appropriations made under this Act for the Forest Service by an amount not to exceed 2 per centum of the cost of such building as certified by the Chief of the Forest Service, and
2 that not to exceed $8,000 may be expended for the installation of an elevator in the Yeon Avenue warehouse in Portland, Oreg.; to protect, administer, and improve the national forests, including tree planting and other measures to prevent erosion, drift, surface wash, soil waste, and the formation of floods, and to conserve water; to ascertain the natural conditions upon and utilize the national forests, to transport and care for fish and game supplied to stock the national forests or the waters therein; to collate, digest, report, and illustrate the results of experiments and investigations made by the Forest Service, as follows:

The first change in language would remove the limitation of cost on water supply and sanitary systems. A specific limitation of cost on facilities of this kind is unnecessary and there is no intention to construct elaborate or expensive water supply and sanitary systems. They are entirely outside the structures which they serve. Only the minimum facilities, consistent with the kind and use made of the related structures, will be authorized. The present limitation dates back to the Act of March 3, 1925, and is inadequate under present day costs. It was originally $500 but was reduced to $450 by the Act of June 30, 1932.

The second change in language will authorize the installation of an elevator in the Yeon Avenue warehouse, a one-story and basement building located in Portland, Oregon. This building was constructed in 1934 at a cost of $80,000. No elevator was installed at the time of construction because of the limited amount of funds available. The lack of an elevator in the warehouse has not been too inconvenient since the basement of the warehouse has been used for motor vehicle repair and storage until recently. At the present time, and as planned for the future, the Regional supply of fire tools and equipment will be maintained in the basement of the building, together with the Regional radio maintenance shop. This necessitates a large amount of delivery of equipment between the first floor and basement. Authority for the necessary installation of an elevator is requested to replace the present time-consuming and expensive methods of movement of equipment. It is believed that the efficiency and economy resulting from the use of the elevator will pay for its installation within a few years.

(b) General Administrative Expenses

Appropriation Act, 1950	$655,000
Anticipated pay adjustment supplemental, 1950	14,500
Base for 1951	669,500
Budget Estimate, 1951	676,500
Increase (To place on a full-year basis in 1951, pay adjustments under P.L. 429 which were in effect for only a part of fiscal year 1950)	+7,000

PROJECT STATEMENT
(Amounts Shown Include Pay Adjustment Costs)

Project	1949	1950 (estimated)	Increase P.L. 429 adjustment	1951 (estimated)
1. General administration and business services	$691,823	$669,500	+$7,000	$676,500
Total pay act adjustment costs:				
Public Law 429	[- -]	[14,500]	[+7,000]	[21,500]
Public Law 359	[- -]	[2,625]	[- -]	[3,670]
Unobligated balance	677			
Total available	692,500	669,500	+7,000	676,500
Transfer in 1950 estimates from "Printing and binding, Department of Agriculture"	-5,000	- -		
Anticipated pay adjustment supplemental	- -	-14,500		
Total appropriation or estimate	687,500	655,000		

CHANGE IN LANGUAGE

The estimates include proposed changes in language of this item as follows (deleted matter enclosed in brackets):

> General administrative expenses: For general administration, including [the salary of the Chief Forester at $10,330 per annum, and for] expenses of the National Forest Reservation Commission as authorized by section 14 of the Act of March 1, 1911 (16 U.S.C. 514), * * *

This change in language is proposed for the purpose of deleting the provision pertaining to the salary of the Chief Forester. A new salary rate for this position was established by Public Law 359, approved October 15, 1949, and retention of the authority in the appropriation language is no longer necessary.

WORK UNDER THIS APPROPRIATION

This appropriation provides for the leadership, coordination, planning, and control of the program of work of the Forest Service. It provides also for certain of the service and facilitating operations which are necessary in the central office relating to finance and fiscal control, personnel management, information and education, business management, procurement, and drafting, as well as for the necessary, and very important, inspection and audit of field operations.

The Forest Service has three major responsibilities. They are:

1. The protection, management, development, and utilization of more than 180,000,000 acres of land in the national forests, equivalent to approximately 10 percent of the area of the continental United States.

2. The promotion of good forest practices, including the protection of forests, on the 439,000,000 acres of state and private forest lands.

3. Forest and range research for all forest and open range lands.

The primary function of the Forest Service is to carry out the responsibility of the Federal Government in working out solutions of the Nation's forestry problems.

On the national forests this means direct technical management for the production of timber, forage for range livestock, water, wildlife, and recreation. It means the protection of public and intermingled private lands from fire, insects, and tree diseases, as well as the integration of the management of all forest resources, in order that they will contribute as fully as possible to economic and social betterment. It means, in short, the administration of the national forests in the broadest public interest and the demonstration of proper forest, watershed, and related land management.

On the privately owned forest lands, which in major part are being badly handled from a national point of view, it means education, leadership, planning, and coordination of technical information. It means cooperation with the States and private agencies in protection against fire, in forest planting, and in obtaining improved forest and watershed management practices.

The attainment of these objectives requires the conduct of a large amount of research in all phases of forestry and range management, both independently and in cooperation with other technical and industrial agencies. Research in the technique of protecting, improving, and utilizing the forest and range resources and in the profitable use of land for forestry and grazing is essential to success in the management of forest-range-watershed lands.

Operating in three broad fields of activity, through its many field and cooperators' offices, the Forest Service is confronted with a complex and unusually difficult general administrative problem. There are approximately 1,000 field offices of the Forest Service, the majority of which are "one-man offices," where the opportunities for personal contacts with other employees are infrequent. The large number of appropriations under which programs are conducted adds to the complexity of financial management. In recent years there have been 18 regular appropriations and as high as 50 "working fund" advances from other agencies to finance work performed for them, totaling in all more than $65,000,000. Under these conditions there must be a constant flow of information and instructions from the central office to the field on policy and other matters. There must also be frequent inspection of all operations by representatives of the central office. Coordination of programs both through written instructions and field inspection is an extremely important function of the Chief's office. Because of its numerous fields of responsibility and resulting activity throughout the forested sections of all the States and Territories, the Forest Service organization is of necessity, as well as a result of thorough study, test, and deliberate choice, very thoroughly decentralized.

The work of the Forest Service is closely allied with that of many other Government agencies, particularly the Soil Conservation Service; Bureau of Entomology and Plant Quarantine; Bureau of Plant Industry, Soils and Agricultural Engineering; Bureau of Agricultural and Industrial Chemistry; Bureau of Agricultural Economics; Bureau of Public Roads; Fish and Wildlife Service; Bureau of land Management of the Department of Interior; National Park Service; State Agricultural Experiment Stations; Food and Agriculture Organization; Economic Cooperation Administration; 40 State forestry organizations; etc.

(c) National Forest Protection and Management

Appropriation Act, 1950	$26,300,000
Anticipated pay adjustment supplemental, 1950	570,390
Base for 1951	26,870,390
Budget Estimate, 1951	30,270,500
Increase	+3,400,110

SUMMARY OF INCREASES, 1951

To construct physical range improvements and to strengthen range management	+222,000
To intensify wildlife management on the national forests	+26,000
To supervise, plan, and control public recreation use of national forests	+100,000
For land-use management on the national forests	+87,000
For maintenance of national forest improvements	+210,000
For construction of improvements on the national forests	+766,000
To accelerate the reforestation program as authorized under the provisions of Public Law 348, approved October 11, 1949	+870,000
To accelerate the present reseeding program under the provisions of Public Law 348, approved October 11, 1949	+510,000
For management, operation, protection, and regulation of national forest properties	+339,487
To place on a full-year basis in 1951, pay adjustments under P. L. 429 which were in effect for only a part of fiscal year 1950	+269,623

PROJECT STATEMENT
(Amounts Shown Include Pay Adjustment Costs)

Project	1949	1950 (estimated)	Increase: P. L. 429 adjustment	Increase: Other	1951 (estimated)
1. Timber resource management	$4,129,309	$4,452,798	+$43,302	- -	$4,496,100
2. Range resource management	1,022,314	1,070,810	+10,490	+$222,000(1)	1,303,300
3. Wildlife resource management	136,307	133,840	+560	+26,000(2)	160,400
4. Water resource management	76,430	48,221	+379	- -	48,600
5. Recreation resource management	681,753	604,160	+6,190	+100,000(3)	710,350
6. Management of other land uses	672,386	626,625	+6,375	+87,000(4)	720,000
7. Maintenance of improvements	2,657,241	2,742,994	+29,206	+210,000(5)	2,982,200
8. Forest fire protection	7,714,279	7,595,055	+83,245	- -	7,678,300
9. Construction of improvements	227,446	261,350	+850	+766,000(6)	1,028,200

(Continued on next page)

Project	1949	1950 (estimated)	Increase: P. L. 429 adjustment	Increase: Other	1951 (estimated)
10. Reforestation	1,311,971	1,254,109	+9,541	+870,000(7)	2,133,6
11. Range revegetation ..	750,148	714,229	+5,671	+510,000(8)	1,229,9
12. Forest rangers, forest supervisors, and other employees engaged in the over-all operation and protection	7,312,288	7,366,199	+73,814	+339,487(9)	7,779,5
Total pay adjustments costs, Public Law 429.	[- -]	[570,390]	[+269,623]	[+95,577]	[935,59
Unobligated balance	58,512	- -	- -	- -	-
Total available	26,750,384	26,870,390	+269,623(10)	+3,130,487	30,270,5
Transferred to:					
"Salaries and expenses, Office of Information, Department of Agriculture"	+10,588	- -			
"Printing and binding, Department of Agriculture"	+35,000	- -			
Transfer in 1950 estimates from "Printing and binding, Department of Agriculture"	-81,197	- -			
Anticipated pay adjustment supplemental	- -	-570,390			
Total appropriation or estimate	26,714,775	26,300,000			

INCREASES

The increase of $3,400,110 in this item for 1951 is composed of the following:

(1) Increase of $222,000 under the project "Range resource management" to construct physical range improvements and to employ additional administrative and technical personnel for range management work.

Need for Increase: About $172,000 of the requested increase would be used for the construction of physical range improvements -- primarily fences and water developments -- needed to bring about better handling of livestock, to reduce damage from concentration and to obtain uniform and proper utilization of the forage.

Fences on the forest boundaries are essential in order to exclude unpermitted livestock from forest land and to prevent encroachment of permitted livestock on private lands. Division fences are required

in order to assure the utilization of feed over the entire range and to control livestock so that seasonal distribution and other management essentials may be met and the permancence of the forage resource be maintained.

Most of the Government-built boundary and division fences were erected during the depression of the 1930's and were financed by emergency funds. Many of these now have to be rebuilt. Most of them are in heavy snow country and are subjected to unusually rigorous weather conditions over and above that which the ordinary fence has to withstand. Because the period of construction took place over a short period of years, it is to be expected that increasing mileage will require reconstruction in the next few years.

Fences constructed by adjacent landowners have been used as boundary fences. Much of this is old and is in bad repair and must be reconstructed. The landowners feel that because these fences serve as a forest boundary fence as well as to enclose privately owned land, the Government should share half of the expense of reconstruction.

Range cannot be utilized without water. Many areas of national forest ranges are dry; and because of this, feed is wasted on the waterless areas while livestock concentrate on and overuse the range accessible to water. This damages the ranges where concentration occurs and reduces the grass production on these areas. On some areas springs and seeps occur which, if developed, will provide a source of usable water for livestock. Where surface water is not present, either reservoirs, where there is enough surface drainage to fill them, or wells, if there is insufficient run-off, must be constructed in order to provide water. When such water developments are constructed livestock can spread out, obtain unused grass, relieve the damage to concentration areas, and on some ranges more livestock can be grazed.

According to investment records as of June 30, 1949, the Forest Service has invested about $15,663,000 in 25,980 miles of fences; 3,506 miles of stock driveways; and 15,690 water developments.

About $50,000 of the requested increase would be used to employ part of the additional administrative and technical personnel required in the proper management and administration of national forest grazing lands. This would include but would not necessarily be limited to such jobs as carrying out the presently extremely important range adjustment program; prevention of trespass by excessive numbers of livestock; revision of existing management plans and development of new and up-to-date plans; planning and supervising the construction of range improvements; and the making of range surveys.

Presently the most important task facing the Forest Service in the field of range management is the job of making range adjustments designed to bring about proper stocking. It is increasingly evident that this job imposes requirements in the way of manpower not heretofore planned or though necessary. Once a program of this kind is started, it is extremely important that the necessary personnel be assigned and the time spent to

bring the job to a successful conclusion. Short-cutting the program because of lack of manpower can be exceedingly embarassing to the Forest Service through failure to comply with established policies. There is no alternative to such important tasks as range inspections with the permittees, and conferences and discussions with them in advance of applying any necessary stock reduction program. Additional personnel is the only solution to the effective accomplishment of this task.

(2) Increase of $26,000 under the project "Wildlife resource management" to intensify wildlife management on the national forests.

Note: This project has been reinstated in the activity schedule of this item in compliance with instructions contained in the report of the House Appropriations Committee on the 1950 Agricultural Appropriation Bill. The amount shown in the activity schedule as available in 1950 was withdrawn from other projects since no funds were specifically provided for this purpose in the 1950 appropriation.

Need for Increase. An increase of $26,000 is necessary to bring Forest Service efforts in the field of wildlife management more nearly in line with the minimum requirements of the job.

The work connected with the wildlife management job on the 180 million acres of national forest land is increasing at an accelerated rate. The number of sportsmen visiting this vast publicly owned hunting and fishing ground has increased from 4,075,000 to 5,000,000 in the last three years. During this same period, deer, the most important big game animal, increased from an estimated 2,033,000 to 2,120,000. Other game species are also increasing rapidly. Management of the forest habitat in the face of this increasing animal population at its present productive capacity presents an every more difficult problem.

The demands of the cooperative job with the various states have increased immensely during the last few years because of the increased activity by the states in wildlife management work. The importance of this cooperative work is emphasized by the dual responsibility for the management of the wildlife resources on the national forests. The Forest Service is responsible for the management of the wildlife habitat and the correlation and integration of the wildlife resource with the use of the other forest resources, such as timber, forage and water. The states are concerned with the protection, restoration, and utilization of the wildlife resource. Without close and complete cooperation between the Forest Service and the states the management of wildlife will suffer. During the past several years the Forest Service has been financially unable to carry on its share of the cooperative job.

In order to keep pace with the increasing use of the wildlife resource and to maintain the supply in keeping with the other forest resources, definite plans of action are necessary. Additional funds are needed to: (1) carry out programs of habitat improvement; (2) deal with problems of overpopulations of big game and big and small game scarcity; and (3) make administrative studies to evaluate the wildlife resource and bring about proper utilization in cooperation with the states.

(3) Increase of $100,000 under the project "Recreation resource management" for caretakers to safeguard the health and safety of the much greater number of persons using the recreational areas of the National Forests.

Need for Increase. To provide minimum sanitation and safety on public campgrounds and to keep up, in part, with the continuing upward trend of use, involving regulating the use, operation, and maintenance of national forest recreation areas and facilities composed of:

4,537 camp and picnic areas
206 swimming areas
236 winter-sports areas

In the calendar year 1948 national forest camp and picnic areas, swimming and winter-sports areas received 12.4 million visits for a total of 15.7 million man-days of use, an increase of 18% over 1947. Public use of national forest land in 1948 exceeded all previous records. Some 35 million man-days of use was made of all national forest lands during 1948 for recreational purposes. This includes wilderness areas, hunting, fishing, summer homes, resorts and organization camps, as well as campers, picnickers and winter-sports enthusiasts. The upward trend in recreation use, interrupted by the war, is still in progress and there was a sizable increase in use during the calendar year 1949, for which final figures are not yet available.

Heavily used recreation areas require the full-time attention of short-term employees who will regulate the use, maintain sanitary facilities and water systems, keep the areas clean, and dispose of garbage and refuse. Smaller and less heavily used areas receive part-time attention of seasonal or regular field personnel. The result of insufficient help of this type is unsanitary and unsatisfactory conditions at many areas. More man-months of caretaker and guard employment are necessary so that the areas may be maintained in safer and more sanitary condition. The U. S. Public Health Service studied the sanitation and water polution problem on national forest recreation areas near Salt Lake City and recommended that greatly intensified sanitation control was necessary to prevent possible dangerous water polution. The increasing use of winter-sports areas constitutes an additional burden during the winter months when it is not ordinarily possible to utilize services of regularly employed summer guards for part-time maintenance of areas.

An experiment to determine the feasibility of charging for the use of camp and picnic facilities was initiated at the beginning of the 1949 season. Charges were made at some 50 of the more heavily used areas. The results of this experiment were not conclusive and, therefore, will be studied further in the 1950 season.

Plan of Work. Provision must be made for more adequate on-the-ground service of recreation areas by the mployment of additional recreation area caretakers for periods of three to six months. Future planning of areas and substitute areas, supervision of use, and inspection of recreation areas for compliance with safety and sanitation requirements are

required if the Forest Service is to provide the type of recreation the public wants and at the same time protect the forest from damage, prevent serious sanitation problems, and consider all other resource management needs. The $100,000 requested will only partially meet the urgent need for additional caretakers. Present appropriations available for caretaker services are less than a year ago, although visits to recreation areas have increased 18 percent. The result is that even the most heavily used areas are inadequately serviced and thousands of lesser areas are cared for only occasionally.

(4) Increase of $87,000 under the project "Management of other land uses" to meet, in part, the increased volume of land uses, as follows:

(a) Mineral Permits and Leases - $41,000

By law the Forest Service is required to report on applications for leases on acquired lands within the national forests although such leases are issued by the Bureau of Land Management. Ninety percent of the applications are for gas and oil permits. This job involves examination of title records including abstracts to determine the status of mineral reservations, and is technical and time consuming. Over 300 reports were made in the fiscal year 1949. A back log of some 300 cases remained at the end of the past fiscal year and because of insufficient help it has been impossible in many instances to furnish the requested report for twelve months or more from the date requested. This job load has more than doubled in the past year.

The Forest Service reports on applications to lease minerals under the Mineral Leasing Act of February 25, 1920, on National Forest lands reserved from the public domain. Practically all of these applications are for oil and gas. Until the fiscal year 1948, the impact of this job was not serious, but in that year (1948) the western regions processed approximately 3,000 reports representing an increase of several hundred percent in the former work load. Insufficient help to cope with this additional work has caused long delays in the processing of leases. Revenue from leases under the 1920 Act amounting to millions of dollars is deposited in the Federal Treasury by the Department of Interior and is not credited to the Forest Reserve Fund.

Funds are needed to employ additional personnel to make the necessary field examinations and to process the applications. More expeditious handling of these cases will increase receipts to the Federal Treasury and will improve the service to applicants.

(b) Special Use Permits - $26,000

The demand for summer home lots, especially in California where there are several thousand unfilled applications, has exceeded the ability of the Forest Service to plan, locate and survey such lots. These lots yield a revenue averaging between $20 and $25 per year each. At the close of fiscal year 1949 there were some 49,806 special use permits in force covering the use and occupancy of 3,703,800 acres and 30,000

miles of rights-of-way on national forest land for private, public, and semi-public purposes. This is a considerable increase over the 46,263 permits covering 2,055,000 acres in force at the end of fiscal year 1947. Receipts from special use permits, including mineral receipts from acquired lands, amounted to $785,350 in fiscal year 1949 as compared to $666,151 in 1948. A new fee schedule based on percentage of "net sales" for the commercial use of national forest land was placed in effect January 1, 1949. Under this schedule it is anticipated that revenues from resort, ski lift, store, and similar special use operations will more than double.

Before applications for the rental of summer homes can be approved, it is necessary to make a classification of potential recreational lands in order to make certain that the public interest is protected and that adequate provisions are made for public camp and picnic grounds, roadways, parking areas, sanitary systems, fire protection, etc. The summer home areas must be surveyed and staked out on the ground. Building limitations, sanitary requirements and fire protection measures must be determined. All of these steps are exceedingly important because once the improvements are constructed it is difficult to change the form of use of the land. The employment of a small group of men to expedite action on summer home applications will result in increased receipts in amounts greater than their salaries the first year. These installations become permanent and receipts continue indefinitely in future years.

(c) Alaska Land-Use Survey - $20,000

Land suitable for homesites and commercial use is extremely limited in Southeastern Alaska. For that reason, great care is required in setting aside National Forest lands for residential and commercial purposes. Because of increasing population in Alaska, pressure is mounting for establishment of areas upon which homes and commercial structures can be built. It is urgent, therefore, that funds be provided for the necessary classification of lands and lot surveys in order that lands may be made available for residential, commercial and public purposes to meet the demands in Alaska.

(5) Increase of $210,000 under project 7 for maintenance of improvements on the National Forests, other than roads and trails.

Need for Increase. The years of seriously inadequate appropriations for this work since 1942 have resulted in an increasingly excessive deterioration of wooden lookout towers, guard shelters, telephone lines, fences and many other structural improvements. Consequently, an abnormally high deferred maintenance job is urgently in need of attention. This is particularly so because the increasing average age of the improvements, together with the generally recognized lower purchasing value of the dollar, have widened the gap between available funds and the amount necessary to maintain the improvements to a minimum acceptable standard. The increase requested here would provide for the maintenance of a few more improvements in the fiscal year 1951 than in 1950, but the total estimated for 1951 of $2,982,200, would still remain far short of total annual requirements, which were estimated at more than $4,000,000 at the 1946 price level.

There is an investment of approximately $110,000,000 in improvements on the National Forests. (Their replacement value would, of course, be much greater.) Most of these improvements are over ten years of age, and many are over thirty years old. The seriousness of the maintenance problem has been growing each year with the build-up in deferred maintenance and increasing normal maintenance costs.

Many fire towers are unsafe and the choice is between taking a chance with the safety of men or with fire. The same lack of proper maintenance of the telephone system of 61,000 miles so necessary for forest fire communication; of the dwellings and cabins used by timber sale and fire personnel for those essential activities; of range fences and corrals; of recreation improvements; and of the many other improvement classes, all add up to a critical need for increased maintenance funds.

(6) Increase of $766,000 under project 9 for construction of improvements on the National Forests, as follows:

(a) Increase of $154,000 for the construction of dwellings.

Objective: To provide for the construction of a few high-priority dwellings urgently needed for Forest Service employees.

Need for Increase: Since 1942, the construction of National Forest improvements has been severely curtailed. Not only has there been practically no new construction of housing facilities in line with increased employment to care for a presently much greater volume of National Forest business, but the backlog of replacement requirements has been accumulating over an extended period. It has been possible to take care of a limited number of employees by converting offices to residences; moving old CCC camp barracks, and other buildings of that type, to new locations and converting them to dwellings and dormitories; and similar makeshift arrangements with garages and other minor buildings. The opportunities for providing further temporary housing by the above means no longer exist.

Most forest officers are located in small towns or at isolated stations within the National Forests. The number of new rental housing units constructed in those localities in the past few years is practically negligible. National Forest employees are subject to rather frequent transfer and the chief reliance is on rental housing supplemented by Government construction where the former is not available even during normal times. The number of permanent employees has increased substantially since 1941, the last year of any appreciable amount of residential construction. Recent field estimates indicated urgent need for 715 additional housing units in the small and large dwelling class. The 1951 increase would provide for the construction of 15 new buildings.

National Forest timber sale and other business has expanded rapidly during the past few years. This has necessitated an increase in number of employees. The lack of housing facilities for these men is handicapping the management of the National Forests.

(b) Increase of $400,000 for correction of inductive interference on National Forest telephone lines.

Need for Increase: Inductive interference from REA power lines in existence now or to be constructed by the fiscal year 1951 will impair the service on Forest Service telephone lines to the extent that approximately 1,854 miles must be relocated or reconstructed. In many cases grounded telephone lines require conversion to a metallic system where they parallel a power line. In other cases metallic systems need rebalancing of transposition schemes, and installation of protective devices to afford safety to the telephone system and users from possible shorts.

The telephone system on the National Forests is used in a large measure to handle forest fire reporting and for prompt dispatching of fire suppression crews as well as for other administrative work. It is essential that this system be maintained in good operating condition for the protection and management of the National Forests. The reconstruction or modification of the entire 1,854 miles of telephone line is necessary to eliminate inductive interference caused by transmission line construction under the rural electrification program. The completion of this job will restore to effective operating condition a mileage of the telephone system several times greater than the 1,854 miles necessary to be reconstructed. The 1,854 miles involved in this proposed increase represents the minimum number of miles requiring reconstruction or modification after all alternative measures have been taken into consideration, such as use of repeater coils, where possible, discontinuance of portion of lines if no longer absolutely essential for fire control, etc. Where the use of radio is satisfactory and more economical than reconstruction of the telephone lines in question, it will be used in lieu of telephone communication.

There follows a list by States indicating the number of miles of telephone lines which require reconstruction and modification and the estimates of the costs involved:

State	Mileage	Cost	State	Mileage	Cost
Alabama	28.7	$4,575	Mississippi	53.0	$2,380
Arizona	20.0	19,200	Missouri	197.0	2,900
Arkansas	133.0	48,250	Montana	187.0	74,800
Colorado	146.5	13,800	Nebraska	11.0	950
Florida	58.0	1,550	Nevada	25.0	25,000
Georgia	8.3	830	New Mexico	26.5	20,000
Idaho	54.0	21,600	North Carolina	68.5	26,900
Illinois	288.0	16,510	South Dakota	27.0	3,550
Indiana	6.5	222	Tennessee	10.8	927
Kentucky	76.0	36,795	Texas	96.1	24,380
Louisiana	47.0	19,312	Virginia	22.5	19,935

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State	Mileage	Cost	State	Mileage	Cost
Michigan	2.0	125	Washington	59.0	11,400
Minnesota	93.0	2,046	Wyoming	110.0	11,625
			GRAND TOTAL	1,854.4	409,562

The estimated costs of correcting inductive interference, as indicated above, varies from less than $40 per mile for inserting additional "transpositions" and protective devices on metallic lines, to approximately $1,000 per mile for replacing a grounded line with a metallic circuit.

(c) Increase of $80,000 for the replacement of lookout towers.

Need for Increase: Many fire lookout towers on the National Forests were constructed during 1934 to 1936. A large proportion of the towers built at that time were constructed of untreated wood. They have now reached the point of deterioration where they can no longer be repaired and are unsafe for occupancy. While they are in this condition the towers cannot be manned and the fire detection service of the Forest Service suffers. At the present time there are more than 200 towers which should be replaced. The estimate would provide for the replacement of a few high priority towers which would be constructed at the most important lookout points on National Forests. Fabricating costs of lookout towers range from $20 per foot for towers with small cabs, to $100 per foot for towers equipped with 14' x 14' living quarters.

Plan of Work: Towers would be constructed to Forest Service specifications and would be purchased from fabricators and installed by Forest Service employees.

(d) Increase of $102,000 for the construction of fire control, administrative and camp ground improvements.

Need for Increase: For the past seven years the amount available for the construction of improvements on the National Forests has been less than $200,000 annually. This amount provided for only a fraction of the replacement construction which should be performed each year. The increase of $102,000 is requested for the construction of those classes of improvements for which specific increases are not included elsewhere. The increase would be used mainly for the construction of fire places, shelters, latrines, water development projects, etc., on public camp grounds; telephone lines, guard stations and other fire control improvements; and barns, garages, warehouses and other utility buildings needed in the administration of the National Forests. The construction of public camp ground improvements is particularly urgent because of the steadily increasing use of the National Forests by the public. Many camp ground

improvements should be replaced because of deterioration of the original structures. In other cases additional facilities on existing camp grounds, and the establishment of new camp grounds, should be provided because of increased use.

Plan of Work: All of these improvements would be constructed by Forest Service employees.

(e) Increase of $30,000 for the construction of airfields.

Need for Increase: The national forests contain within their boundaries an area equivalent to one-tenth of the continental United States. They include in general the more rugged and remote parts of our country. Air transportation between interior landing fields and others located near communities adjacent to the forests is indispensable in connection with the protection and management of these forest lands, for forest fire control, including fire detection and for transportation of men and equipment for fighting forest fires, for taking of aerial photographs used for mapping and timber inventories, and for economical travel by Forest Service personnel.

Most of the use of airplanes by the Forest Service is arranged through contracts with private companies who furnish the equipment and pilots. Public fields, operated and maintained by local communities, are used wherever practicable for flights into and over adjacent National Forest areas. However, the use of this method of transportation is restricted because of the lack of airfields, expecially within the National Forests. A recent estimate shows an urgent need for landing field improvements to serve the National Forests in 105 locations. Of this total, 57 of the needed fields are on the current "National Airport" plan; 36 fields have not yet been included; and 12 fields are in wilderness areas and probably will never be included in the plan.

Plan of Work: Work would be started on one or two of the most urgently needed airfields. Arrangements would be made with local communities and the CAA for assistance in building the projects. It is anticipated that about one-half the cost would be provided by these agencies.

(7) Increase of $870,000 under the project "Reforestation" to accelerate the tree planting program under the provisions of the Act of October 11, 1949, Public Law 348.

One of the long-term objectives of the Forest Service is to reforest 4,111,000 acres of denuded and unsatisfactorily stocked national forest lands within a period of 15 years as set forth in the Anderson-Mansfield Act of October 11, 1949 (Public Law 348, 81st Congress). These lands must be reforested artificially if their productive capacity is to be utilized and make their full contribution to the future needs and welfare of the nation. Of the acreage requiring reforestation, 1,880,000 acres are in the East, 1,010,000 acres in the Rocky Mountains, and 1,221,000

acres on the Pacific Coast. The program as set forth in the Anderson-Mansfield Act, requires a prompt increase in nursery sowing to meet a sharply increasing planting schedule. This schedule contemplates the planting of 54,000 acres the first year with progressive increases annually to 384,000 acres at the peak of the 15-year period. The increase of $870,000 for 1951 is composed of the following:

(a) Increase of $160,000 for planting and sowing.

Field planting would be increased by 10,000 acres and sowing in the nurseries would be increased by 10 million trees. The increased planting during 1951 would take place largely in the South and Central States where one-year-old seedling stock can be used for planting in contrast to 2-4 year old stock required for other sections. $130,000 would be used for this purpose. The remaining $30,000 would be used to increase sowing at nurseries in the Central States and in the South as well as at other nurseries where facilities are in readiness for increased production.

(b) Increase of $180,000 for seed collections.

The objective is to obtain sufficient seed of desirable species to meet nursery requirements in the expanding program.

Many of the important commercial species produce a few seed each year but only produce abundant crops subject to economical collection at 3 to 5 or more year intervals. Advantage must be taken to harvest good crops as they occur with subsequent storage of seed for lean years.

The average cost of processed tree seed is $9 per pound and it is planned to collect 20,000 pounds during fiscal year 1951. This amount of seed would provide for only a moderate program increase. Seed collections would be concentrated in those areas where good seed crops occur.

(c) Increase of $255,000 for plantation care and release.

The objective is to place existing plantations in a healthy condition free from overtopping brush and weed trees. During the period 1942 to 1949, little plantation release work was accomplished on national forests due to lack of funds and the short supply of labor. This has resulted in a backlog of accumulated work. Prompt action is necessary to avoid losses due to sustained overtopping and to eliminate interference with normal growth of the planted trees.

The heaviest backlog of this work is in the Lake States and the South where extensive areas of plantations occur. It is planned that 23,000 acres of plantations would be treated.

(d) Increase of $275,000 to expand developments at three existing nurseries and purchase five new nursery sites.

The objective is to increase existing nursery capacity to meet planting stock requirements of the 15-year program.

The maximum capacity of existing nurseries is some 211 million trees annually. In addition to failing to meet the required production of a 15-year program several of the nurseries are not geographically located to permit economical distribution of stock to areas where planting will be done. Additional nursery capacity of 187 million trees per annum is required to effectively meet program requirements.

It is estimated that a well distributed production of 275 to 325 million trees annually will be required when the 15-year program gets fully under way.

Expansion of existing nurseries in West Virginia, California, and Oregon would cost $150,000. Two new nursery sites would be purchased in Idaho, two in California, and one in Oregon at a cost of $125,000.

(8) Increase of $510,000 under the project Range revegetation" to accelerate the reseeding program under the provisions of the Act of October 11, 1949, Public Law 348.

Need for Increase: Increased appropriations for range reseeding are extremely important not only from the standpoint of efficiency but also to get back into production the millions of acres of depleted range lands which are not now producing what they should in the way of forage for livestock. The Anderson-Mansfield Act of October 11, 1949 (Public Law 348, 81st Congress) authorizes a 15-year program for reseeding about 4,000,000 acres of range lands on the National Forests. The Forest Service now has the experience, the information, and the nucleus of equipment to enable it to undertake the range-reseeding program on a plan-wise basis designed to wind the job up in about 15 years.

The range-reseeding work would be intensified on areas where the work has already been started, and initiated on many other areas not previously touched. Best estimates at this time indicate that approximately $40,000,000 will be required to reseed the 4,000,000 acres.

At the present time the Forest Service is receiving many letters and resolutions protesting action to reduce permitted numbers of livestock. These resolutions point out that many of the reductions can be avoided if the grazing capacity of the range were increased through reseeding.

Many of the depleted ranges could be restored by Nature if all grazing were eliminated. That would take a long while and erosion meanwhile would continue to be serious. In many areas it would require decades to obtain natural restoration, and even then the results would fall far short of what can be accomplished through artificial means.

Range rehabilitation only through reduced numbers of livestock is a non-constructive approach. The Government should build up these ranges, expecially after the practicability of doing this has been demonstrated beyond any doubt. On the Fishlake National Forest in Utah, for example, actual tests have shown that a 500-acre tract capable of supporting 9 head of cattle from June 1 to September 30 will now, after reseeding to crested wheat-grass, support 100 head for the same period. Capacities are known to range from 1-3 acres per cow month, with gains ranging from 50-250 pounds for the grazing season. Capitalized in terms of average hay prices, such projects not only provide a good return on the investment of reseeding but also provide feed that would not otherwise be available.

The present grazing capacity of the lands to be reseeded is so low as to be of little consequence in management planning. In fact much of the area should have no livestock on it under present conditions. Reseeding results to date justify an expected increase in grazing capacity of one animal unit month for each 1.6 acres reseeded. On this basis four million acres of range reseeding should provide an additional 2.5 million AUM's of grazing.

An AUM of grazing is worth the fee that will be paid for it. The values vary with the type of range, its location, and the demand for forage. The Forest Service is now getting an average of 49 cents per head per month for cattle grazing. Good reseeded land is worth more than untreated range, and would command higher than average fees.

The more common grass seeds and seeds of other forage plants that would be planted in this reseeding program are available. Seed supplies of some of the most promising new grasses are now in short supply; however, more seed is being produced each year. Continuing programs such as this will insure a market for grass seed and encourage growers to increase production of both the common grasses and the newer ones.

The reseeding program alone will not solve the problem of overstocking; nor will it remove the need for further reductions in numbers of livestock from many areas. However, in the long run it will lessen the net total reductions needed by an amount equal to whatever increased capacity may be developed through reseeding. The estimate is 2.5 million AUM's.

(9) <u>Increase of $339,487 under project 12 to meet in part the increasing work load on ranger districts in the National Forests.</u>

<u>Need for Increase:</u> The proposed increase would be used to alleviate the serious undermanning of the basic (skeleton) organization in relation to the greatly increased work loads, further aggravated by reductions in this project in recent years. The present basic organization is made up of approximately 1,200 persons, a reduction of more than 250 during the past eight years, despite the fact that the work load has increased substantially during that period. This organization,

especially at Forest and Ranger District levels, is inadequate to handle the present-day demands made upon it. It needs to be strengthened materially in order to meet urgent demands being made of the National Forests and for their products.

Use of the National Forests has become increasingly intensive. Recent studies show that 80 additional rangers and assistant rangers are urgently needed in order to avoid lowering of essential standards of protection and management. Lack of adequate funds prevents even limited progress in correcting the serious problem of meeting pressing work requirements without putting in excessive overtime.

Recent analyses show that there are 77 ranger districts with annual work loads ranging from 4,000 to 7,000 man hours (average - 5,500 hours or over 3 man-years) and 131 districts with work loads of between 3,000 and 4,000 hours (average - 3,100 hours or almost 2 man-years). These work loads were developed on a correlated basis, largely for the purpose of in-Service equitable distribution of available funds to field units. They reflect, therefore, only minimum standards in many cases. The more detailed analyses developed by the regions reveal over-loads as much as 100% above those reported here. The work loads of ranger calibre work on all of the districts greatly exceed the 1,800 hours in a normal work year. Without adequate efficient management, the Forest Service cannot attain its over-all objective "to protect from depletion and bring about a full development and wide use of the resources of all forest and wild lands (except those reserved for specialized purposes) in a correlated pattern of public and private ownership and in the best interests of all the people."

Plan of Work: The requested increase would be used mainly to employ additional assistant forest rangers for assignment to those ranger districts with excessive work loads.

(10) Increase of $269,623 to place on a full-year basis in 1951 pay adjustments under Public Law 429 which were in effect for only a part of the fiscal year 1950.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored, deleted matters enclosed in brackets):

National forest protection and management: For the administration, protection, use, maintenance, improvement, and development of the national forests, including the establishment and maintenance of forest tree nurseries, including the procurement of tree seed and nursery stock by purchase, production, or otherwise, seeding and tree planting and the care of plantations and young growth; the operation and maintenance of aircraft and the pur-
1 chase of not to exceed [four] three; the maintenance of roads and trails and the construction and maintenance of all other improvements necessary for the proper and economical administration, protection, development, and use of the national forests, includ-

ing experimental areas under Forest Service administration, * * *
and all expenses necessary for the use, maintenance, improvement,
protection, and general administration of the national forests
2 [$26,300,000] $30,270,500, of which not to exceed [$25,000]
$125,000 shall be available for the purchase of [one] five nursery
3 [site] sites, and [the limit of cost for not to exceed one build-
ing constructed at Horseshoe Organization Camp, West Virginia,
shall be $22,500: Provided, That appropriations for the Forest
Service shall be available hereafter for the correction of in-
4 ductive interference on Forest Service telephone lines caused by
transmission lines constructed by organizations financed by loans
5 from the Rural Electrification Administration] not to exceed
$5,000 shall be available for the purchase of administrative sites.

The first change is proposed to reduce the authority for the purchase of aircraft from four to three. It is estimated that authority to purchase 3 aircraft will be sufficient in 1951.

The second group of changes authorize the purchase of five nursery sites at an estimated cost of $125,000. New nurseries will be required to provide the planting stock needed for the expanded reforestation program authorized by the Act of October 11, 1949 (Public Law 348). All of the five nurseries will be located in western national forest regions.

The third change deletes the non-recurring provision contained in the 1950 Agriculture Act for the construction of a building at Horseshoe Organization Camp, West Virginia. This work will be completed in the fiscal year 1950.

The fourth change deletes the proviso authorizing the Forest Service to correct inductive interference on Forest Service telephone lines caused by transmission lines constructed by organizations financed by loans from the Rural Electrification Administration. This proviso, which was inserted in the 1950 Agricultural Appropriation Act, is permanent legislation and need not be repeated in the annual appropriation acts.

The fifth change authorizes the use of $5,000 for the purchase of administrative sites mainly for dwellings for which appropriation increases are requested in the 1951 estimates. At one time it was the policy of the Forest Service to locate ranger station headquarters on national-forest land usually at some distance from the nearest town. The development of road systems and the general use of automobiles by permittees, makes the establishment of ranger station headquarters in nearby towns, where permittees normally do their purchasing and transact other business, preferable to locations on the forest. It is estimated that 10 sites at an average cost of $500 will be purchased under this authorization.

STATUS OF PROGRAM

Current Activities: The purpose of the program is to manage, protect, and develop the national forests in all phases not covered by specific appropriations, and insure that timber, water, range, recreation, wildlife, and other resources are utilized in a manner so as to best serve the nation.

The economic importance of the national forests will be realized when it is considered that:

(a) They provide a measure of assurance for a future timber supply. The rapid depletion of timber on private lands causes the national forests to assume increased importance as a source of timber. The annual allowable cut from the national forests is 6 billion board feet. At present approximately two-thirds of the allowable cut is being harvested. This is approximately 10 percent of the annual lumber production in the United States.

(b) The area within the national forest boundaries is equivalent to some 10 percent of the area of the continental United States.

(c) In addition to the services rendered for which cash receipts are not collected, the national forests produced a cash income to the Federal treasury, in the fiscal year 1949 of approximately 32 million dollars.

(d) They provide range for some 10,000,000 head of domestic livestock.

(e) They provide protection to municipal water supplies for nearly all western cities and towns and many in the East, and to irrigation water used on some 20,000,000 acres of western lands, as well as to many streams with water power developments. They provide flood protection to thousands of acres of rich valley lands and prevent the siltation of reservoirs and stream channels.

(f) They provide a habitat for a large part of the big game animals, birds, and for millions of small game animals and furbearers.

(g) They provide opportunities for healthful outdoor recreation, with a minimum of restrictions, for the millions of people who yearly visit the national forests.

(h) Nearly 4,000,000 people who live in and near the national forests are supported in whole or in part through the management and utilization of the forests and their resources.

National forest boundaries encompass an aggregate area of 228 million acres reaching geographically into 40 states, Alaska, and Puerto Rico, of which 180,894,734 acres are under Forest Service administration. Many tracts of privately owned lands are interspersed within the Federal holdings.

National forests are managed under the multiple use principle with practically all areas used for, or serving, more than one purpose or objective. For example, 50 percent of the area within the national forests of the continental United States serves five different purposes: (1) timber production, (2) watershed protection, (3) forage production, (4) wildlife production, and (5) recreation. An additional 28 percent serves four purposes in varying combinations. Of the remainder, 21 percent of the total serves three purposes with only 1 percent of the total reserved for one purpose exclusively, mainly campgrounds and special use areas such as summer home sites, pastures, corrals, etc.

The varied interests which continually conflict and which must be reconciled, the vast areas covered, and the unusual complexities, clearly demonstrate the necessity of careful planning for, and skillful management of, the national forest properties.

The protection of national forests from fire and trespass is made difficult by the large area to be protected, the general inaccessibility of the national forests, the many thousands of miles of exterior boundary, and the impossibility of taking preventive action when dealing with such a problem as lightning-caused fires (more than 6,000 in the calendar year 1949).

Selected Examples of Recent Progress:

Receipts deposited to the "Forest Reserve Fund" in the fiscal year 1949 increased $6,839,661 over the fiscal year 1948. Smaller increases were recorded in special and suspense accounts. The following table summarizes the receipts data for the fiscal years 1948 and 1949:

	1948	1949	Change
Forest Reserve Fund			
Timber	$20,594,286	$26,927,220	+$6,332,934
Grazing	2,898,315	3,275,964	+377,649
Land Use, Power, etc. ...	743,830	872,908	+129,078
Subtotal	24,236,431	31,076,092	+6,839,661
Suspense Account, Alaska 1/	130,594	132,310	+1,716
Special Account, O&C Lands 2/	589,229	783,631	+194,402
Total receipts	24,956,254	31,992,033	+7,035,779

1/ Suspense account established pending settlement of Indian rights on Tongass Forest, Alaska.
2/ Special account established pending determination of the custody of certain lands in Oregon.

Net area of lands under Forest Service administration increased from 180,528,062 acres as of June 30, 1948, to 180,894,734 acres on June 30, 1949, or 366,672 acres.

Timber Sales. During the fiscal year 1949 the volume of timber cut from the national forests was 3,740,810,000 board feet, substantially the same as during the preceding fiscal year. The value of this cut, $28,749,007, was nearly $8,000,000 greater than the value of the cut during fiscal year 1948. The softening of the lumber market, particularly for low grade species and classes of lumber combined with the extraordinarily severe western winter reduced the cut. Many small marginal mills were closed during the winter of 1948-1949 and did not resume operations in the spring of 1949. The larger established mills generally are producing at about normal rates.

Uncertainties over economic conditions influenced some operators to curtail operations. However, it is believed that the improvement in the lumber market which occurred in the fall of 1949, coupled with the depletion of private timber supplies in many areas, will sustain the cut of timber from the national forests at approximately the 1949 level. The average stumpage price of timber sold in the fiscal year 1949 was $11.14 per M, an increase of $3.05 per M over the value of timber sold in 1948.

Fire Control. The 1949 fire season to November 1 developed dangerous burning conditions throughout the Rocky Mountain and Pacific Coast States, particularly in California, Washington, Oregon, Montana, Idaho, South Dakota, and Wyoming. The incidence of occurrence in the dry inaccessible, steep walled canyons of the Salmon and Snake Rivers in Idaho was much above normal resulting in four major fires that proved very difficult to control. Lightning fires during August were extremely numerous and occurred during periods of critically dry weather with above normal wind movements. Lightning fire occurrence in those States during August and early September was about 130 percent above 1948 with as high as 300 fires being experienced in a single day in some areas.

In California numerous critical periods developed when fires proved very difficult to control. Losses from fire were heavy in southern California late in October during a short period of very bad burning conditions.

Based on numbers of fires, the western national forests experienced an 83 percent increase in fire business during 1949 compared to the same period in 1948. Over-all there was a 34 percent increase in numbers of fires requiring action of fire fighting forces.

Although lightning-caused fires showed a marked increase in the West (5,924 fires in 1949 compared to 2,607 fires in 1948) the increase in man-caused fires was not large (2,185 fires in 1949; 1,814 fires in 1948). Considering all national forests there was an over-all reduction in the number of man-caused fires in 1949; 4,459 compared to 1948 with 4,951.

Nineteen lives were lost fighting forest fires in the national forests during the height of the fire season.

While there was an 83 percent increase in number of fires, comparing 1948 with 1949, the total burned area increased but 42 percent. Following are comparative statistics for the first 10 months of 1948 and 1949. These data are reported separately for western and eastern regions since fire operations in the West are more costly than for the eastern United States because: fires in the western national forests burn more deeply into material on the forest floor; the area is more mountainous and inaccessible; the forest fuels are much heavier and more difficult to project a fire line through because the rate of decomposition of material on the ground is very slow; and wages are much higher.

	Regions					
	Western		Eastern		Total	
	1948	1949	1948	1949	1948	1949
No. of lightning fires	2,607	5,924	263	177	2,870	6,101
No. of man-caused fires	1,814	2,185	3,137	2,274	4,951	4,459
Total number ...	4,421	8,109	3,400	2,451	7,821	10,560
No. of fires exceeding 10 acres in size ..	282	414	912	623	1,194	1,037
Area national forest land and inside private lands burned over	108,420	154,441	52,447	32,072	160,867	186,513

Grazing Use. The one big problem in the management of 80,000,000 acres of national forest range land, is to bring the number of livestock into balance with the safe grazing capacity of the range. There are two ways to do this: one is to reduce the numbers of livestock; the other is to build up the capacity.

Currently the Forest Service is making some progress in reducing numbers. In calendar year 1948, the number permitted was reduced from 4,661,246 head to 4,556,891 head, or 2%. However, grazing receipts in fiscal year 1948 increased from $2,293,773 to $2,898,315, or 26%. Receipts for fiscal year 1949 went up to $3,275,964, or an increase of 13%.

Progress in building up capacity through better management resulting from range surveys and management plans and installation of physical range improvements is discouragingly slow. Without sufficient fencing there is underuse in some areas, overuse in others, and grazing trespass remains a continuing source of trouble. Without sufficient water developments, feed is wasted in waterless areas, and is overused on areas accessible to water.

Maintenance of Improvements. The total estimated cost of maintaining the $111,000,000 cost value in existing improvements on the National Forests (exclusive of roads and trails) is approximately $4,000,000 as evidenced by the table which follows this paragraph. Funds obligated for maintenance in 1949, were $2,657,241. Thus, the maintenance program was based on a relative priority selection of the most urgent projects such as key telephone lines, lookout towers, fences, etc. Even on these improvements full maintenance was not given in order to spread the available money over as many projects as possible. The inevitable deterioration of improvements because of improper maintenance is minimized by this procedure. Rising costs have also contributed to the backlog of maintenance work that is currently not being financed.

A tabulation of improvements in existence is given below:

IMPROVEMENT	No. of Units (Miles or No.)	Unit Costs	Total Annual Cost of Maintenance
Telephone lines	61,433	$12.72	$781,428
Fire breaks	5,109	80.61	411,836
Airplane landing fields	63	331.90	20,910
Lookout houses, towers, & observatories	2,944	77.25	227,424
Pump sets	530	25.62	13,587
Dwellings, headquarters	1,038	184.75	191,770
Dwellings, temporary stations	2,283	75.33	171,978
Offices, all	732	101.25	74,115
Barns, garages, and warehouses	2,381	66.45	158,217
Fences, headquarters	1,141	52.02	59,355
Fences, temporary stations & plantations	2,834	17.62	49,935
Water development projects, headquarters	1,191	48.09	57,275
Water dev. projects, temp. stations	928	22.35	20,740
Gas and oil storage	103	53.14	5,473
Sanitary systems	2,263	20.22	45,758
Light, power, & central heating plants	208	62.26	12,950
Bunkhouses, barracks, etc.	673	78.50	52,830
Other improvements, headquarters	3,098	24.55	76,056
Other improvements, temporary stations	3,752	9.03	33,881
Range fences and corrals	22,804	16.81	383,335
Stock driveways, range (includes bridges)	6,292	9.61	60,466
Water developments, range	13,282	12.87	170,940
Campgrounds, public service	3,629	123.45	448,000
Campground buildings	5,469	37.81	206,783
Water systems, campgrounds	4,502	15.42	69,420
Dams, all types	261	145.27	37,915
Special use facility areas	584	24.80	14,483
Other improvements, miscellaneous	---	--	161,857
Total			4,018,708

Construction of Improvements. Funds obligated for construction (exclusive of road and trail improvements) in the fiscal year 1949 were $227,446, part of which was earmarked for specific projects by the Congress. This amount was used to take care of the most critical requirements for replacement of the existing plant of $111,000,000, cost value, and for urgent additions to plant--primarily for housing. Priority generally has been given to housing for the lower salaried forest officers headquartered in small communities and isolated locations where rental housing was not available. In order to buy as much housing as possible, many of the projects involved moving and remodeling old buildings such as former CCC camps.

Wildlife Use. Overpopulations of big game continues to be one of the pressing problems in wildlife management on National Forest lands. Some progress has been made in alleviating the situation, particularly in the West.

In Colorado on the Umcompahgre National Forest a special hunt was held resulting in 20,700 hunters killing 11,768 deer of both sexes. At the time of the hunt, range capacity was estimated as having been reduced 65 percent by past overuse by deer and although deer were still found to be numerous following the hunt, an upward trend in the vegetation should result from this large kill. Special hunts were held for deer and elk of both sexes in Idaho, Nevada, Utah, and Wyoming in an effort to reduce populations. This involved some reduction in number of animals on 95 special permit areas in these four States, but additional reductions are necessary.

An example of a management measure to increase the removal of big game was the opening up of 58 miles of "ways" into overpopulated areas on one Nevada and three Utah forests. One of the most common causes of inadequate harvesting of big game crops is the lack of hunting effort in inaccessible areas. Few hunters care to go any great distance from an automobile road.

Cooperative wildlife management with the States was continued on a satisfactory basis. The first year of operation of the cooperative agreement between the State of Arizona and the Forest Service on the Kaibab Forest was very successful. This agreement provides that the receipts resulting from fees charged for special hunt permits be used for wildlife management and habitat restoration and is the first of its kind to be made in the West. Preliminary work has been done and tentative agreement obtained from the State of Arizona for two additional cooperative agreements of this kind.

A broad but reasonable comprehensive analysis was made on the big game problem areas despite the limited funds available for wildlife studies. It is certain that many problem areas remain to be recognized, and the study and proper management of those that are known is far from satisfactory

It was estimated that 2,470,000 big game animals used the National Forests during 1948. 1,200,000 hunters killed 279,000 big game animals. This was an increase of 8.3 percent in the number of hunters over the previous year and 1.4 percent increase in the number of big game animals taken.

Fisherman use in 1948 was estimated at 3,320,000 persons, an increase of 5.7 percent over the previous year.

Recreation Use. During the calendar year 1948, public use of the national forests, exclusive of highway travel, amounted to 24,000,000 visits. This is an increase of 13% over the 21,330,000 visits reported for 1947. Recreation visits to national forests are roughly double those recorded at the National Parks.

Summer use on camp and picnic grounds and at organization camps jumped from 9,001,000 visits in 1947 to 10,431,000 visits in 1948 - an increase of 16%.

Winter use on 236 winter sports areas continued to climb, with 2,285,000 visits reported last year as compared to 1,725,000 in 1947.

Use of other national forest areas, such as resorts, summer homes, and wilderness areas, as well as the use made of the national forests for hunting and fishing also showed a substantial increase.

Overuse, and the fact that practically no new areas have been developed since the war, plus the deteriorated condition of many areas, are making maintenance of the limited existing facilities more difficult and costly.

The pressing need for caretakers and maintenance men on overused public recreation areas, summer and winter, is making such demands on available funds that it is impossible to proceed with urgently needed recreation area planning and forest recreation plans.

An experimental charge for the use of camp and picnic ground facilities is being made at approximately 50 of the larger recreation areas.

Miscellaneous Lands Activities. Special-use permits covering the use and occupancy of national forest lands for private, public, and semi-public purposes were held by 47,446 permittees in fiscal year 1949. Of this number 27,400 were charge-permits which produced a revenue of $580,831. 12,400 new permits were issued during the fiscal years 1948 and 1949, as compared to 8,800 which expired or were revoked. Fiscal year 1949 receipts from charge-special-use permits and mineral receipts from acquired lands amounted to $785,350. This compared with $666,151 in 1948. The demand for summer home lot permits, especially in California where there are some 8,000 unfilled applications, has exceeded the ability of the Forest Service to plan, locate, and survey such lots.

A new fee schedule based on percertage of "net sales" for commercial use of national forest land was placed in effect January 1, 1949. Under this schedule it is anticipated that the revenue from resort, ski lift, store, and similar special-use permit operations will be more than doubled.

Mineral permits and leases on acquired lands are now issued by the Bureau of Land Management, but the Forest Service is required by law to report

on all applications and to consent to issuance of permits and leases. Examination of title and status records is involved and is a particularly time-consuming job. During the fiscal year 1949 approximately 800 cases required some action. Reports were completed on 300 cases during the year and pending on 300 at the close of the year.

In addition, the Forest Service reports on applications to lease minerals covered by the Mineral Leasing Act of February 25, 1920, on national forest lands reserved from the public domain. One region reported on more than 850 cases during calendar year 1948 and estimated that the 1949 total would exceed that figure. During fiscal year 1949 it is estimated that the case load for the four western regions in the States of Arizona, California, Colorado, Idaho, Nevada, New Mexico, South Dakota, Utah, and Wyoming, was in the neighborhood of 3,000. This activity has mushroomed in the last two years, the workload being many times greater than in 1947. The revenues from mineral leases on "public domain" national forests, amounting to millions of dollars, are not credited as national forest receipts.

Land Exchange. Congress has passed more than 80 laws authorizing the exchange of National Forest land and timber for private lands intermingled with or adjacent to National Forests. During the 1949 fiscal year, 176 exchanges were approved in which the United States will receive 259,111 acres, valued at $1,964,902 and will grant in exchange 65,608 acres of National Forest land valued at $771,741 and stumpage valued at $1,048,677.

Mapping. The reproduction of all sheets of one mapping area of 2,825 square miles in Arizona was completed for Forest Service administrative use with the exception of one--a 250 square mile quadrangle which was delayed for edge matching with work of another agency. Plotting work was completed for the last half of an area of 1,185 square miles in Washington and field editing was virtually completed on the same project. Field work progressed to 50% completion on an area of 1,370 square miles in California. Elements of planning and aerial photography for control purposes were completed on a new project of 3,660 square miles in Idaho. Control work in the field was completed for 475 square miles on the same project. Elements of planning and aerial photography for control purposes were completed on a project of 5,034 square miles in Arizona. Aerial photography for control purposes was completed on project in Oregon of 3,638 square miles.

In the coming year some phase of topographic mapping will be in progress on 3,422 square miles in Colorado, 3876 square miles in Oregon, 3876 square miles in Michigan, 456 square miles in New Mexico, 8208 square miles in Arizona, 4,560 square miles in Idaho, 3,192 square miles in California, and 1,185 square miles in Washington; of which 3,420 square miles will be completed in manuscript form, and 1,596 square miles will be published for administrative use.

Watershed Management. Most attention continued to be given to adoption in regular development and resource management activities of field working standards to insure improved protection of watershed values. Special

jobs which emphasize the local importance of national forest watersheds and water resources include a study of the significance of certain forest areas as water recharge sources for distant lowlands in the southeast; a restatement in improved localized detail in one region of existing national forest watershed-community relationships as regards water supply, erosion, and flood damage potentials; and needed watershed management practices to improve unfavorable situations.

Reforestation. In the fiscal year 1949, 44,000 acres of denuded lands were planted on the national forests, approximately one-half of this acreage being planted in the Lake States, and about 20 percent each in the South and the Pacific Northwest. Two new nurseries in California and Oregon were completed. Work on removal of brush and weeds competing with planted trees on young forest plantations was conducted on 7,000 acres previously planted areas, primarily in the Lake States.

Revegetation. To date, upwards of 270,000 acres of depleted national forest range land have been reseeded. Experimental results to date show that artificial range revegetation is economically sound. Moreover, it is estimated that 4,000,000 acres of denuded national forest range land could be reseeded with a resultant increase of 2,500,000 animal unit months of grazing capacity. In the fiscal year 1949, 74,000 acres were reseeded.

(d) Fighting Forest Fires

Appropriation Act, 1950	$100,000
Budget Estimate, 1951	100,000
Change, 1951	- -

PROJECT STATEMENT

Project	1949	1950 (estimated)	1951 (estimated)
1. Fire suppression	$3,217,972	$100,000	$100,000
Unobligated balance	47,028	- -	- -
Total appropriation or estimate	*3,265,000	100,000	100,000

* Includes regular annual fire fighting deficiency appropriation.

This appropriation covers emergency fire control expenditures on the national forests. Administrative restrictions placed upon the use of these funds by the Forest Service require that expenditures shall not be made therefrom until forest fires have actually started. An exception is made to this rule, however, when fire conditions become so critical that the regular protective organization, which is financed from the appropriation "National forest protection and management", is unable to cope with the situation and when, therefore, the temporary employment of additional guards will clearly reduce expenditures for fire fighting.

(e) Forest and Range Management Investigations

Appropriation Act, 1950	$2,818,500
Anticipated pay adjustment supplemental, 1950	56,500
Activities transferred in 1951 estimates from "Farm and other private forestry cooperation, Department of Agriculture" for farm forestry investigations	24,600
Base for 1951	2,899,600
Budget Estimate, 1951	3,015,600
Increase	+116,000

SUMMARY OF INCREASES, 1951

To provide for replacement of buildings and facilities at the Agricultural Research Center (non-recurring)	+42,000
For investigations to develop more effective methods of forest fire control	+46,000
To place on a full-year basis in 1951, pay adjustments under P.L. 429 which were in effect for only a part of fiscal year 1950	+28,000

PROJECT STATEMENT
(Amounts Shown Include Pay Adjustment Costs)

Project	1949	1950 (estimated)	Increase: P.L. 429 adjustment	Increase: Other	1951 (estimated)
1. Experimental forests and ranges	$2,858,657	$2,774,375	+$26,775	+$42,000(1)	$2,843,150
2. Forest fire control	125,471	125,225	+1,225	+46,000(2)	172,450
Total pay adjustment costs, Public Law 429	[- -]	[56,916]	[+28,184]	[+1,127]	[86,227]
Unobligated balance	2,272	- -	- -	- -	- -
Total available	2,986,400	2,899,600	+28,000(3)	+88,000	3,015,600
Transfer in 1950 estimates from "Printing and binding, Department of Agriculture"	-25,000	- -			
Transfer in 1951 estimates from "Farm and other private forestry cooperation, Department of Agriculture"	-24,600	-24,600			
Anticipated pay adjustment supplemental	- -	-56,500			
Total appropriation or estimate	2,936,800	2,818,500			

INCREASES

The increase of $116,000 in this item for 1951 is composed of the following:

(1) Increase of $42,000 under the project "Experimental forest and ranges" for replacement of buildings at the Agricultural Research Center and the construction of an adequate fire protection water system.

Objective: This increase is required to replace buildings destroyed by fire July 29, 1949, and to provide adequate protection for those remaining at the Beltsville Experimental Forest. A warehouse-shop for forest fire equipment, $7,000, a 6-room dwelling, $15,000, and a water system for fire protection and water supply for laboratories and dwellings at the experimental forest headquarters, $20,000, would be provided.

Explanation: During the night of July 29, 1949, a fire completely destroyed a warehouse-shop and a dwelling on the experimental forest. The total loss is estimated at $43,000. Value of the warehouse-shop is estimated at $30,000, materials and equipment $6,000, and dwelling $7,000.

The dwelling will provide residence for a Forest Service employee who formerly occupied the residence destroyed by the fire and who serves as chief of forest and field fire protection for the Agricultural Research Center in addition to his regular duties. Residence on the experimental forest, which is part of the Agricultural Research Center, is needed so he can be on immediate call, day or night, for fire duty. He is directly responsible for the protection of 8,800 acres on the experimental forest and the Agricultural Research Center, and also is a key man in the protection of some 8,200 acres of forest land, largely in Federal ownership, surrounding the experimental forest and Research Center.

The warehouse-shop is for storage of forest fire fighting equipment and to serve as a central dispatching point for such equipment for the experimental forest and Agricultural Research Center. This involves the construction of a building materially smaller than the warehouse-shop destroyed by the fire.

Loss of the buildings and their contents was due to the present inadequate water system which consists of a well, electric pump, and underground storage tank. Flow of the well has steadily declined for the past five years despite repeated attempts to increase it, the latest in the summer of 1948. A supplementary surface supply had been provided within the limitations of available funds but the combined system was unable to cope with the fire.

The proposed water system would provide a new supply and would contain an elevated storage tank of 50,000 gallons. It will protect laboratories, offices, service buildings, dwellings, and research records of the experimental forest having an estimated present value of about $180,000.

(2) An increase of $46,000 under project 2 for investigations to improve methods of forest fire control.

Objective: To provide the technical facts, principles and relationships needed, to insure continuing progress in the reduction of costs and losses from forest, grass, and brush fires.

Significance of this work: The Nation's bill for preventing and fighting 174,000 forest, brush, and grass fires was over 45 million dollars in 1948, and tangible damage was estimated at 32 million dollars from a total acreage burned over of 16 million acres, an area the size of the States of Massachusetts and New Jersey combined. Many billions of dollars in natural resources and property were directly threatened by these 174,000 fires, but, fortunately, the season was more favorable than usual. These facts help to highlight the size of the problem of fires on wild lands and its importance to the entire conservation effort.

How to reduce these losses and how to reduce costs, or in other words, how to do a better job of protection from fire is a task worthy of the best that scientific research can offer. Yet the total funds available for the purpose nationally amounted to only $125,225 in 1950. Investments in this work to date rank very high in the progress they have produced in forest fire control and in direct monetary return to the public. Research work that needs to be done to continue and expand such work is already well analyzed and ready for action. Scientific advance in this field is closely allied to national defense against fire in time of war and has many other aspects that relate closely to the health and safety of our citizens as well as to the maintenance of our wild land resources in a productive condition.

Plan of work: Investigative work is now headed up by a recently organized division of forest fire research in the office of the Chief of the Forest Service. Projects will be carried out as assigned at the regional forest experiment stations in regions where fire problems are most serious. Six of the twelve forest experiment stations now conduct fire research projects with one to four specialists in one or more phases of this work. The proposed increase would be devoted primarily to strengthening and speeding up urgent projects already planned or initiated at these stations.

The more important of the projects to be benefited are as follows:

Use of water, wetting agents, and chemicals in forest fire fighting: Improved transportation systems and increasing mechanization in forest fire fighting have made it possible to use water more commonly in forest fire fighting. But compared to the city hydrant the supply is always limited and often very precious. The use of wetting agents and chemicals to extend the extinguishing effect of water and to shorten the time required for complete control of a fire offers opportunities for greatly increasing efficiency and reducing costs. But the forest

fuels involved and the behavior of wild fire burning in them are so different from those in industrial and municipal experience that painstaking selection and adaptation is essential before the potential value of such agents can be realized.

Appraisal of fire damage: The objective of forest fire control efforts is to reduce damage to land resources. Yet the public values at stake that may be destroyed by fire have never been fully determined. More positive determination of the damage to be expected from fires in different kinds of cover and under various circumstances is essential to wise allocation of fire control funds. Progress in this work is essential to insure that public benefits from intensive fire protection will be in proper relation to the costs incurred.

Forest fuels: Forest fuels are highly complex. They vary widely in volume, in arrangement, in continuity, in degree of fineness, and in other physical characteristics, as well as in certain chemical characteristics. All these variations affect the susceptibility of the forest cover in any given location to the start and spread of fire, just as the presence or absence of various materials and characteristics in a building affect its fire liabilities, or its insurability.

The need of full investigation in all phases of this subject has become increasingly urgent in recent years, because of the increasing cost of forest fire control, the increased value of forest properties, and the many changes in forest fuels, induced by more extensive cutting of timber, and by numerous other factors.

Aerial methods in fire control: The use of airplanes and parachute fire fighters has already enabled striking improvement in the control of lightning fires in inaccessible country. The helicopter offers further opportunity to develop effective aerial methods for facilitating all phases of fire fighting operations, and may make it possible to attack fires effectively directly from the air. Adaptation of aerial bombing technics to successful control of fires also needs further study, as does the substitution of aerial methods of detection of fires for the more conventional system of detection from fire lookouts.

The problem of the big fire: Under many circumstances the wild land fire that has gained momentum still defies the best fire fighting methods that have yet been developed. This is in part due to an incomplete understanding of how fire behaves and of what to expect under various circumstances. Fundamental studies of the physical and chemical phenomena that occur in the nature of a chain reaction and of the rate of production of energy and heat units to be anticipated under various circumstances are badly needed. Such studies can eliminate the unexpected and reduce the number of disasters each year.

(3) Increase of $28,000 to place on a full-year basis in 1951 pay adjustments under P.L. 429 which were in effect for only a part of the fiscal year 1950.

FOREST AND RANGE MANAGEMENT INVESTIGATIONS

Alternate Project Statement

Project	1949	1950 Estimated	Increase (+) or Decrease (-)	1951 Estimated	1951 RMA Section 10(b)	Grand Total
1. Experimental forests and ranges	$2,858,657	$2,774,375	+$68,775	$2,843,150	$51,400	$2,894,550
2. Forest fire control	125,471	125,225	+47,225	172,450	--	172,450
3. Pay adjustment costs	--	[56,916]	[+29,311]	[86,227]	[1,400]	[87,627]
Unobligated balance	2,272	--	--	--	--	--
Total available	2,986,400	2,899,600	+116,000	3,015,600	51,400	3,067,000
Transfer in 1950 estimates from "Printing and binding, Department of Agriculture"	-25,000	--				
Transfer in 1951 estimates from "Farm and other private forestry cooperation, Department of Agriculture"	-24,600	-24,600				
Anticipated pay adjustment supplemental	--	-56,500				
Total appropriation or estimate	2,936,800	2,818,500				

RMA Projects

Financial Project No.	RMA Project No.	Project Title	1949	1950 (estimated)	Adjustments for 1951		1951 (estimated)
					P. L. 429	Contract	
1	4	Section 10(b) Research other than utilization: Research on the control of undesirable woody plants on range lands	$25,485	$51,000	+$400	- -	$51,400

CHANGE IN LANGUAGE

The estimates include a proposed change in language of this item as follows (deleted matter enclosed in brackets):

> Forest and range management investigations: Fire,
> 1 silvicultural, watershed, [shelterbelts,] and other
> forest investigations and experiments under said
> section 2, as amended, * * * *

This change in language is proposed to delete the word "shelterbelts" retention of which is unnecessary as the provisions of the Act of May 22, 1928, contain ample authority for conducting investigations related to shelterbelts.

STATUS OF PROGRAM

Current Activities: All Federal research on forest and range lands, which make up 54 percent of the Nation's land surface, is carried on under this appropriation. The object of the research is to develop improved techniques which will help to sustain and increase production of the renewable resources, timber, range and water, from these lands. The results of the research are used as a basis for the protection and management of the national forests and other Federal lands, and they are made equally available to States and private land owners throughout the Nation.

Functionally, research under this appropriation is broken down into that concerned with the growing and harvesting of timber products, the protection of forests from fire, the production and efficient use of range forage, and the management of both forest and range vegetation to produce the greatest amount of useable water and a minimum of erosion.

Organizationally, the work is carried on at 11 regional experiment stations in the continental U. S., at 1 in Puerto Rico, and at a research center in Alaska. These stations serve the major forest and range regions into which the United States is divided. Much of the research is concentrated on experimental forests and ranges representative of major problems. Supervision of studies on these areas and conduct of others is assigned to the Director of the regional station and his headquarters technical staff. These experimental areas of several hundred to several thousand acres each are either Federally owned or under the control of the Forest Service through leases or written agreements. On them are performed the experiments basic to proper management and protection of forest and range lands, and the practicability of the methods discovered are tested.

Cooperative interest on the part of State and private agencies, individuals and industries has resulted in very material aid to the Federal program. In the field of forest, range and watershed management, cooperators have provided services and cash for the fiscal year 1949 amounting to approximately $780,000. In addition, the capital value of lands, timber, and other facilities made available for research was increased. The total capital value of such contributions now stands at 3.5 million dollars.

Research in forest management is emphasizing determination of the effects of rotation ages, degrees of cutting, length of period between cuts, and logging methods on forest income under a sustained yield policy. Comparisons of the more promising combinations of these factors are tested on a practicable operating scale. Also being stressed separately and in combination with the above are cultural measures leading to control, by means of chemicals, prescribed burning, and otherwise, of undesirable vegetation competing with crop trees. Methods of reforesting abandoned farm lands, stripped mining lands, and burned-over forests, are being improved through research. The development of hybrid trees for faster and more certain timber production is being studied, as well as improved methods for stimulating gum flow in pines for the production of rosin and its derivatives.

Research in range management is emphasizing development of improved practices relating to stocking, season of grazing, utilization of key forage plants, better handling of livestock and other means for obtaining sustained high forage and livestock production on range lands. In reseeding, emphasis is being given to research which determines what to seed, when to seed, how to seed, and where to seed for best results under the highly variable conditions in the West, the Ozarks, and the South. Application of improved seeding methods to range types not yet thoroughly studied and the development of cheaper seeding methods are also receiving emphasis. Control of poisonous and noxious plants on range lands, so they may be replaced with valuable forage-producing species and reduce livestock losses, is also being studied. The aim of range research is to obtain greater values from range lands by increasing forage production on areas now producing below their potential by grazing in a manner that will sustain this production and by producing more meat, hides and wool at lower cost. A special effort is currently being made to bring together results from completed phases of regional range studies so as to make these results available to stockmen and other interested users.

Investigative work in the protection of forest, range, and watershed lands from fire is directed toward improving the methods and facilities employed in all phases of fire control. Its objective is to reduce both fire damage and costs to a point that will insure continued and successful management of such lands for their highest use. The need for strengthening the work in this field has recently been recognized by the Forest Service through the establishment of a new Fire Research Division in the Chief's office, and the program is being enlarged in scope. Currently, special attention is being given to the use of wetting agents and chemicals to improve the efficiency of forest fire fighting and to the identification and proper classification of dangerous forest fuels to enable more effective planning of the fire control organization. A special project for accurately appraising the public damage done by fires to brush-covered watersheds in southern California has just been completed and explorations are under way to test such possibilities as the reduction of the severity of fire-setting storms in the Northwest through modern techniques of cloud seeding, and the possibility of attacking fires directly from the air by means of aircraft.

Watershed management research is directed towards improving soil and cover conditions and practices to alleviate flood and sediment problems arising out of past land use, and towards helping meet urban, rural, and industrial demands for water of good supply and high quality. Watershed use problems are attacked by obtaining quantitative measurements of the effects of such activities as fire, logging, hill-farming, grazing and road construction on water supply and quality. Concurrent with these studies are those to determine how to use watersheds for various economic purposes and still provide satisfactory supplies. Possibilities of increasing water yield through forest cutting are being studied. Particular attention is being given to the effects of watershed use and management as they are reflected in soil-water relations. This provides both an understanding of the results of given effects and a means of predicting the magnitude of such effects on other areas.

Selected Examples of Recent Progress: During the year seven major forest management research studies were completed and published. Three of these have national application and use. Each of the remaining four are of importance to one of more of the major forest regions. These studies are summations of many individual research projects on specific phases that have been under way for 20 years in most cases, longer in some. For the most part they represent results of projects where long time observation of the reactions of forest stands and trees are required. These publications and the studies which they consummate are described in the five following paragraphs:

Information on all phases of seed handling for over 400 individual species is presented in a 416-page illustrated "Woody-Plant Seed Manual", issued as Miscellaneous Publication No. 654 of the Department of Agriculture. The first section of this publication describes the development and natural dispersal of seeds of forest trees and shrubs. It outlines methods of collecting and storing seed, and describes treatments necessary to overcome seed dormancy. The second part given detailed information about the seeds of 444 individual species covering such matters as: growth habit, distribution, and uses of the species; time of flowering and fruit ripening; number of seeds per pound; dormancy and methods of seed pretreatment; average percentage of germination to be expected and relative costs. The compilation of information on forest tree and shrub seeds is a basic work of reference for all seed collectors, nurserymen, propagators of trees and woody plants and those concerned with natural regeneration of forests. The seed laboratory maintained for many years in connection with this project has been closed.

Techniques of tree breeding developed at the Institute of Forest Genetics have wide application wherever this method of improving forest trees is being carried on. The Institute, which is connected with the California Forest and Range Experiment Station, has concentrated on the production of hybrid pines. The methods that it has found successful in the controlled pollination of this genus are described in U.S.D.A. Circular No. 792 and made available to other workers in this important field. In response to widespread popular interest in this subject of forest genetics and to fill the growing demand for information the Institute prepared and published as U.S.D.A. Miscellaneous Publication No. 659, "Tree Breeding at the Institute of Forest Genetics" describing its work in popular terms.

Manuals on the growth, yield, culture, and reproduction of two important Lake States species were prepared. U.S.D.A. Circular No. 778 rounds up research on red pine since the Lake States Forest Experiment Station was founded in 1923 and covers observation made on stands of red pine resulting from cuttings on Indian lands made as early as 1902. Similarly, U.S.D.A. Circular No. 791 brings together the results of all research to date on black spruce. These two manuals are indispensable to owners of forest lands on which these important tree species grow.

The results of past research in tree planting at the Central States and Southeastern Forest Experiment Stations, and elsewhere, were published in Farmers' Bulletin No. 1994. This bulletin gives information for the

Central States, Piedmont and Southern Appalachian regions on the best tree species for planting on different sites, methods of planting, survival to be expected, costs and probable returns and dangers to avoid. It presents in brief form practical guides for all engaged in reforestation efforts in the three regions.

A manual on timber stand improvement in the Southern Appalachian Region gives directions for cutting, planting and otherwise treating forest stands to improve growth rate and quality of products and to protect growing stock from damage by disease and insects. The manual has been published as U.S.D.A. Miscellaneous Publication 693. Experiments in timber stand improvement work have been carried on by the Southeastern Forest Experiment Station since its establishment in the 1920's. During the CCC program in the 1930's thousands of acres of rundown timberlands were treated by methods based on this early research. The new bulletin brings together early and more recent findings from research, and observations on results following treatment of all the important forest types in the region.

New ways to encourage regeneration of pine forests in the southeastern United States are being found. Because less valuable hardwood trees spring up naturally following the cutting of pines; because pine trees large enough to be cut for pulpwood are still too young to produce large crops of seed; and because a thick layer of leaf litter accumulates under mixed stands and inhibits germination of pine stands, the natural regeneration of valuable pine forests in the southeast cannot always be easily obtained. Experiments are being carried on in the control of hardwoods by poisoning and by prescribed burning. Attempts are being made to increase the seed production capacity of pine trees through release from competition and fertilization. Research is being conducted on methods of making more efficient use of natural seed crops. A practical and inexpensive method was discovered on the Bent Creek Experimental Forest in the mountains of North Carolina where the forest floor was stirred up by dragging a stump behind a small tractor following cutting in a shortleaf pine-hardwood stand. By middle summer there were 28,000 pine seedlings per acre following this treatment, and only 6,000 on nearby untreated land.

Pruning to improve the quality of second-growth timber was found to be a paying proposition in Douglas-fir stands in the Pacific Northwest where limbs within 19 feet of the ground were pruned from 36-year-old trees at a cost of 35¢ per tree. Calculations show that the added value of the clear lumber thus obtained in the butt log will amount to several times the investment in the pruning work. Experiments in the Central States showed that as much as three-quarters of the living crown of planted shortleaf pine trees may safely be removed in pruning.

Good management of an experimental farm woodland has brought in over $8.00 per acre per year since the study was started five years ago. This woodland at the Lake City Research Center in Florida has been improved by the cuttings so that yields are likely to increase in the future. Experiments in the Northeast have shown that light cuttings in spruce-fir stands to remove the trees most susceptible to spruce budworm attack and to rejuvenate

the growth of the uncut trees can be done profitably in a region where clear-cutting has been thought to be the only economical method of timber harvest. These and similar results at other Stations remove one obstacle to good forest practices -- the fear that they will not pay.

A cooperative study of the growth and yield of balsam fir-spruce stands has been undertaken in the Lake States region. Young stands of this type are widespread. The species are in increasing demand, and public foresters and pulpwood companies owning forest land want accurate information on future yields. Field measurements have been made by nine pulp and paper companies, six national forests, the conservation departments of three States, Michigan State College, the University of Minnesota, and the Lake States Forest Experiment Station. Yield tables have been prepared by the Lake States Station.

Comparisons of hand planting and machine planting of forest trees in Iowa and Illinois have shown that machine planting is not only cheaper, but is quicker, and result in a higher percentage of survival of the planted trees if the machines are used when the soil is not too wet and on areas not too brushy. A planting method study in Ohio showed that machine planting cost 76% of the cheapest hand method.

Spiral-shaped metal gutters for use on turpentine trees were developed at Lake City, Florida. These gutters which are cheaper to install than the old type fit the tree snugly and so can be used successfully on extra wide faces. Although they are still in the developmental stage, preliminary results are so promising that one operator wanted to buy 30,000 of them.

Improved management of ranges used by sheep offers possibilities for increased forage and livestock production. Guides to assist sheepmen and the administrators of sagebrush-grass range in judging the productivity of such spring-fall ranges have been published as Circular 808 of the U. S. Department of Agriculture. This publication is based upon detailed experimental studies and practical experience secured through 20 years of cooperative study at the U. S. Sheep Experiment Station of southeastern Idaho. The results of studies of the effect on forage and yearling ewe production of several degrees of stocking of the northern Great Plains ranges were published in Circular 804. These results were developed through six years of cooperative studies with the Bureau of Animal Industry and the Montana Agricultural Experiment Station recently completed at the U. S. Range Livestock Experiment Station at Miles City, Montana.

Utilization of bluebunch wheatgrass and the other productive, palatable and nutritious grasses in the forest openings furnishes guides to judging proper use of summer cattle ranges in eastern Oregon. Although herbs and shrubs in timber types are in greater variety and some are as nutritious as species in the openings, they are less palatable to cattle and less productive of forage. These and other guides to assist stockmen and range administrators to improve cattle grazing on summer range were made available during the past year in U.S.D.A. Circular No. 796.

Recently completed cooperative studies of range calf development at the U. S. Range Livestock Experiment Station, published as Montana Agricultural

Experiment Station Bulletin 463, show the need for adequate range forage for cows with suckling calves to obtain efficient cattle production. When adequate forage was available, calves gained as much as a pound per day more than calves on heavily grazed range and at weaning time averaged 33 pounds heavier. Even at 18 months of age this difference still prevailed although all the calves after weaning were fed an adequate amount of hay in winter and given abundant range forage as yearlings.

Successful procedures were devised for killing unwanted blackjack oak and other hardwood trees and shrubs in southern forest ranges. These results are being published as U.S.D.A. Publication M-5296.

The proper degree to which a range can be grazed and assure sustained high yields of forage and livestock products has been found to depend upon such factors as soil, rainfall, kind of vegetation, class of livestock and season of grazing. Studies have shown that winter sheep ranges in the desert of western Utah and Nevada that are not grazed during the period of rapid plant growth can be maintained and give high yields when from 70 to 75 percent of the highly palatable Indian ricegrass, black sagebrush, and globemallow are utilized. Less palatable species receive much lighter use. Switchcane ranges in the Southeast, where there is ample rainfall during the summer growing season, can be maintained in a satisfactory condition under a continuous grazing management system when as much as 60 to 70 percent of the herbage produced is utilized at the end of the grazing season. On the other hand, on pine-bunchgrass ranges in Colorado, where grazing occurs during the growing period, where rainfall during the growing period is limited, and where light granitic soils are easily eroded, only 35 to 40 percent of the grass herbage can be safely removed by grazing animals if forage and watershed values are to be perpetuated.

Proper stocking of short grass ranges pays big dividends during dry years. At the Central Plains Experimental Range, 8 years' net returns (1940-1947) averaged $1,159 and $1,105 per section annually for cattle ranges stocked moderately and heavily, respectively. During the drought year of 1948, only $209 per section was returned from heavy stocking, in contrast to $1,256 per section under moderate stocking.

Deferred grazing produces more high quality forage than yearlong grazing on desert range in the Southwest. After 20 years under practical range management on the Jornada Experimental Range, ranges originally alike produced 620.7 pounds of valuable black grama herbage per acre under deferred grazing compared with 197 pounds per acre under yearlong grazing. Total herbage yield of all grasses was 752 pounds per acre under deferred grazing and 481 pounds under yearlong grazing. Yearlong use also encouraged the development of the noxious plant, snakeweed. After 20 years that worthless plant made up 69 percent of the vegetation on the yearlong range and only 8 percent on the deferred range.

Reseeding range grasses on skid trails and landings following timber harvests checks erosion and provides increased forage for livestock. Logging operations in western ponderosa pine forests leave thousands of acres on skid trails and landings bare of all vegetation. On one big sale

in Oregon, for example, the forage on 6,000 acres is destroyed each year. Practical methods for reseeding these bare areas to range grasses have been developed for ponderosa pine forests in the Pacific Northwest, the northern Rocky Mountains, and the Southwest. Not only is soil erosion checked, but forage is provided for livestock to more than offset that destroyed in logging.

A thorough test of reseeding range lands with pellets sown from airplanes was made on the Uinta National Forest in Utah. Public attention has been focused on the pellet seeding method and thousands of acres of range have been so seeded at considerable expense with little success. Seedings with pelleted and naked seed by airplane and recommended ground methods based on earlier research were made in the fall of 1948 in sagebrush, mountain brush, pinon juniper, ponderosa pine, and aspen range types. Depending on the range type, smooth brome, orchardgrass, crested wheatgrass, timothy and sweet clover were seeded. Pelleting damaged the seed and greatly reduced germination. Airplane-sown pelletized seed resulted in not more than three and generally no seedlings per 10 square feet on all types tested, an amount insufficient to give success. Airplane-sown unpelletized seed produced an adequate number of vigorous seedlings on each square foot on the aspen and brush types. Recommended sowing procedures which reduced competition of other vegetation and covered the seed gave success on the other types as well. Results from a less extensive study of pellet seeding on range land in Oregon showed that a prepared seedbed drilled at a rate of 2 pounds per acre with unpelleted seed gave a successful stand with 10 times as many seedlings per acre as were obtained from pelleted seed.

How to make water more effective in fighting forest fires was the subject of a field study being conducted this past season. Results show that wetting agents can double the effectiveness of water. Practical methods of application are now being studied.

Reasonably good forage for range livestock may still provide highly unsatisfactory watershed protection. It was found that active erosion could still take place on apparently well-vegetated watersheds. More than 75 percent cover with less than 4 inches of bare earth between clumps of plants is necessary to prevent soil loss and excess runoff.

Protection of depleted range areas may not insure recovery. Despite almost 30 years protection from grazing, a seriously depleted range-watershed on the Wasatch Plateau is still in poor condition. Only 6 percent of the area has attained a soil holding cover, about 43 percent has reached a fairly satisfactory stage, but on 51 percent of the area soil and water losses are still heavy.

Snowfall reaching the ground was substantially increased by harvest cutting in the spruce-fir type at the Continental Divide Research Center. Removing 60 percent of the merchantable timber by three different types of cutting increased snow storage about 25 percent in each case or from 2.50 to 3.14 inches of water.

Continuous heavy grazing of mountain hardwoods at the Coweeta Experimental Forest in North Carolina resulted in a progressive decrease in reproduction and in the amount of legumes, grasses, and other herbaceous plants. Trampling reduced the 1.2-inch water storage space in the first four inches of soil to 0.5-inch. Permeability of the soil was reduced over 10 times, and a marked reduction occurred in the numbers of insects and other soil fauna.

Research in the broad field of forest, range and watershed management was strengthened during F. Y. 1949 by establishing new experimental forests in Ohio, Missouri, Michigan, Pennsylvania, West Virginia, Washington, and Oregon. A long overdue research program was initiated in Alaska to give technical guidance to the expanding forest industry in that Territory.

(f) Forest Products

Appropriation Act, 1950	$1,172,000
Anticipated pay adjustment supplemental, 1950	21,000
Base for 1951	1,193,000
Budget Estimate, 1951	1,203,500
Increase (to place on a full-year basis in 1951, pay adjustments under P.L. 429 which were in effect for only a part of fiscal year 1950)	+10,500

PROJECT STATEMENT
(Amounts Shown Include Pay Adjustment Costs)

Project	1949	1950 (estimated)	Increase P.L. 429 adjustment	1951 (estimated)
1. Forest products laboratory:				
(a) Conditioning and protection of wood products	$286,835	$288,732	+$2,543	$291,275
(b) Properties investigations and wood products development	397,407	400,744	+3,526	404,270
(c) Pulp and paper	156,370	159,437	+1,403	160,840
(d) Chemically converted and derived products development	186,860	186,007	+1,638	187,645
2. Forest utilization service	158,372	158,080	+1,390	159,470
Total pay adjustment costs, Public Law 429	[- -]	[21,000]	[+10,500]	[31,500]
Unobligated balance	1,156	- -	- -	- -
Total available	1,187,000	1,193,000	+10,500	1,203,500
Transfer in 1950 estimates from "Printing and binding, Department of Agriculture"	-7,000	- -		
Anticipated pay adjustment supplemental	- -	-21,000		
Total appropriation or estimate	1,180,000	1,172,000		

FOREST PRODUCTS

Alternate Project Statement

Project	1949	1950 Estimated	Increase (+) or Decrease (-)	1951 Estimated	1951 RMA Section 10(a)	Grand Total
1. Forest products Laboratory:						
a. Conditioning and protection of wood products	$286,835	$288,732	+$2,543	$291,275	$44,300	$335,575
b. Properties investigations and wood products development	397,407	400,744	+3,526	404,270	29,200	433,470
c. Pulp and paper	156,370	159,437	+1,403	160,840	21,900	182,740
d. Chemically converted and derived products development	186,860	186,007	+1,638	187,645	60,500	248,145
2. Forest utilization service	158,372	158,080	+1,390	159,470	- -	159,470
3. Pay adjustment costs	- -	[21,000]	[+10,500]	[31,500]	[5,900]	[37,400]
Unobligated balance	1,156	- -	- -	- -	- -	- -
Total available	1,187,000	1,193,000	+10,500	1,203,500	155,900	1,359,400
Transfer in 1950 estimates from "Printing and binding, Department of Agriculture"	-7,000	- -				
Anticipated pay adjustment supplemental	- -	-21,000				
Total appropriation or estimate	1,180,000	1,172,000				

RMA Projects

Financial Project No.	RMA Project No.	Project Title	1949	1950 (estimated)	Adjustments for 1951		1951 (estimated)
					P. L. 429	Contract	
		Section 10(a) Utilization research:					
1	3	Increased use and serviceability of farm timber	$134,885	$189,000	+$1,900	-$50,000	$140,900
1	503	Development of new preservatives from oleoresin products and by-products	--	15,000	--	--	15,000
		Total, Section 10(a)	134,885	204,000	+ 1,900	- 50,000	155,900

STATUS OF PROGRAM

Current Activities: Forest products research is directed toward a more efficient and a more diversified and integrated utilization of the forest crop. It includes studies in the fields of timber design; harvesting and mechanical conversion; chemically converted and derived products; seasoning of wood and its protection against weathering, fire, insects and decay; strength of natural and modified wood; pulp and paper; effect of growth conditions on timber quality and the application of the results to the solution of national, regional and local forest products problems. The following are selected examples of the work now under way.

1. Bacterial conversion of waste wood to chemicals: Experiments are under way for the direct conversion of wood to valuable industrial chemicals by means of bacteria that feed on it. With the strains of bacteria used so far, up to 65 percent of the total cellulose in wood is utilized. Lactic, acetic and butyric acids have already been produced. Bacterial action thus gives promise of relatively simple and inexpensive conversion of waste wood to useful products.

2. New veneer species: Because of the accelerating scarcity of the preferred veneer species, veneer-cutting tests are being made of species seldom or never used for the purpose. Among the species tested recently have been western larch, Engelmann spruce, tanoak, western white pine, swamp oak, and California red fir. Veneer so made is glued together to make plywood for further tests to determine its characteristics and utility.

3. Seasoning control standards: To aid furniture manufacturers in turning out properly kiln-dried stock, the Laboratory is applying statistical quality control methods by which uniformity of drying can be constantly checked in the factory. Economical sampling methods are combined with simple charts by means of which plant managers know at all times whether their stock is uniformly dried. Hitherto no such methods have been available, and the producer could not be reasonably sure of avoiding losses that result from inadequately dried material. The method has been successfully developed in Wisconsin and North Carolina furniture plants and is being refined and broadened for more general application where seasoning control is essential to satisfactory products.

4. Cutting tools for wood: Information basic to sound engineering design of sawing and other woodworking machinery is being developed. Sawmill power tests for inserted-tooth circular saws, using a commercial-size head saw equipped with special speed controls and electrical measuring devices, were completed and results published. An experimental rip-saw tooth has been developed that produces a very smooth surface with less power than conventional sawteeth. A newly designed pendulum-type testing machine is being used to investigate the relation of power consumption to feed rate and cutting actions.

5. Quality of wood preservatives: Coal-tar creosote and blends of creosote with petroleum and with crude coal-tar are widely used for the treatment of wood to protect it against decay and insects. Changing practice in the refining of coal-tar and petroleum have tended to alter the chemical make-up and effectiveness of the oils available to the industry. Work is under way to develop a rapid method of testing this class of preservatives so that the user may determine the quality of a coal-tar creosote as well as its freedom from adulteration, and also determine the creosote content of a blend which admittedly contains petroleum.

6. Improving quality of second-growth timber: As the Nation becomes increasingly dependent upon second-growth timber, the supplies of high-quality lumber, veneer, structural timbers, and other wood products are getting progressively scarcer. Second-growth Douglas-fir, for example, is normally much knottier than old-growth. Likewise, soil and other site conditions have a pronounced effect on lumber quality. Effects of growing conditions upon such basic properties of wood as specific gravity, shrinkage, and growth of annual rings are being investigated. As one example pointing to advantages of early pruning when prime lumber is desired, it was shown that low dead branches continue to form knots in the tree for more than a century after the limbs have died.

7. Vibration characteristics of wood: Electronic apparatus for exciting and detecting vibrations both along and across the grain of wood was developed and is being used to determine the vibration characteristics of some of the commercially important woods. The purpose of this study is to correlate the vibration characteristics of species with their physical properties, including the location of defects. It has been found, for example, that the modulus of elasticity (stiffness) of a species can be determined by this method and indications are that other mechanical properties can be so determined. If this method proves suitable for determining the important strength properties of any species of wood, appreciable savings in costs can be effected over the methods now being used.

Selected Examples of Recent Progress:

1. White pocket lumber useful: Much over-mature Douglas-fir timber in the Pacific Northwest is infected with a fungus that causes a pitting called white pocket. This fungus is halted when the lumber is cut and seasoned. To aid in salvaging this timber, its possibilities were determined for construction purposes, especially in housing. It was found to be entirely satisfactory for house parts where high strength is not essential, like sheathing, subflooring, and roof boards, and for decorative material in panels and cabinet work. Properly selected, it was found suitable for structural parts like studding and joists. As a result of this work this material is already finding a market.

2. Improved bleaching of hardwood groundwood pulps for printing papers: The possibilities for using hardwood groundwood pulps in printing papers have been greatly increased by bleaching methods that make these pulps much brighter and more suitable for the purpose. Growing scarcity of the favored softwoods makes these findings economically important to the groundwood pulp industry. A bleaching procedure using sodium peroxide was first developed. This has been commercially utilized. A newer procedure using calcium hypochlorite shows much promise and has attractive commercial possibilities.

3. New laminating industry: Laminated construction permitting high ceilings and large clear spans is a comparatively recent development based on the gluing of boards together with water-resistant glues into structural members of any size desired and of either straight or curved form. The large clear spans, ease of erection, and durability of laminated curved rafters for barns and other farm buildings have proven popular with farmers. Unique architectural effects, excellent strength, and unusual fire resistance are qualities that presage the extensive use of this type of member in churches, gymnasiums, assembly rooms, recreation halls, barns, and similar large buildings. The basic design data and specification requirements stem from Laboratory research and have led to the establishment of an essentially new industry. A manual on design, giving working stresses, specification requirements, and construction details, was prepared.

4. Rate of heat penetration in wood: Research on heat conductivity and on the rate of temperature change in wood has put at the disposal of manufacturers important basic information relating to the heating of wood for preservative treatments, veneer cutting, hot-press gluing operations, and other processing work. This research has yielded information comparable to that developed for other structural materials, notably metals, and contributes to basic engineering and processing knowledge.

5. Compression failures in ladders: Practical methods were developed for detecting minute compression failures in rail stock for industrial and domestic ladders. Manual methods of testing the strength of ladder rails before acceptance do more harm than good since, in such tests, compression failures not easily discovered in subsequent routine inspection are likely to be introduced. A paper "Studies of Compression Failures and Their Detection in Ladder Rails," was prepared for use in inspecting ladder stock. The newly developed methods involve the use of incident light.

6. Re-use of structural lumber: To promote economy and efficiency in lumber use, safe guides were worked out for engineers and builders in the utilization of once-used structural lumber. These guides were developed from experience with materials salvaged from surplus military and other buildings.

7. Wall paints as vapor barriers in houses: Modern, tightly constructed houses commonly need vapor barriers on the warm side of walls and on ceilings under attics to prevent condensation of moisture during cold weather, with consequent damage to exterior paint and other unsatisfactory conditions in the structure. Many houses have been built without barriers and have been affected by condensation.

Recent tests indicate that coatings consisting of wall primers followed by semigloss or gloss wall paint of the kinds generally available can be relied upon to serve as vapor barriers. The popular wall paints, however, are flat paints aptly chosen for decorative reasons. The tests showed that coatings of well-known brands of wall primer and flat paint vary all the way from entirely unsatisfactory resistance to moisture movement to effectiveness practically equal to that of the best primers with gloss paints.

(g) Forest Resources Investigations

Appropriation Act, 1950	$866,000
Anticipated pay adjustment supplemental, 1950	17,000
Base for 1951	883,000
Budget Estimate, 1951	1,293,500
Increase	+410,500

SUMMARY OF INCREASES, 1951

To accelerate and intensify the Nation-wide survey of forest resources	+402,000
To place on a full-year basis in 1951, pay adjustments under P. L. 429 which were in effect for only a part of fiscal year 1950	+8,500

PROJECT STATEMENT
(Amounts Shown Include Pay Adjustment Costs)

Project	1949	1950 (estimated)	Increase or decrease: P.L. 429 adjustment	Increase or decrease: Other	1951 (estimated)
1. Forest survey	$804,195	$805,134	+$7,751	+$402,000(1)	$1,214,885
2. Economic investigations	76,517	77,866	+749	- -	78,615
Total pay adjustment costs, Public Law 429	[- -]	[17,000]	[+8,500]	[+10,233]	[35,733]
Unobligated balance	1,888	- -	- -	- -	- -
Total available	882,600	883,000	+8,500(2)	+402,000	1,293,500
Transfer in 1950 estimates from "Printing and binding, Department of Agriculture"	-13,000	- -			
Anticipated pay adjustment supplemental	- -	-17,000			
Total appropriation or estimate	869,600	866,000			

INCREASES

The increase of $410,500 in this item for 1951 is composed of the following:

(1) Increase of $402,000 to accelerate and intensify the nation-wide survey of forest resources.

Objective: In accordance with the increase in authorization for the Forest Survey contained in Public Law 128 (81st Congress) approved June 25, 1949, an increase is requested (a) to accelerate the initial forest survey so that forest resource data will be available for the entire country in 5 to 10 years; (b) to speed up resurveys to provide comparable up-to-date information for areas previously covered; and (c) to intensify both initial and resurveys in order to provide more reliable forest resource facts by States and groups of counties. The purpose of these surveys is to obtain basic information on (1) the area, condition, ownership, and productivity of forest lands, (2) the volume, quality, and location of standing timber, (3) rates of timber growth and rates of depletion from cutting and destructive agencies, (4) present and prospective requirements for timber products, and (5) other facts essential to adequate appraisals of the forest situation throughout the nation.

By the end of the fiscal year 1950 about 425 million acres of forest land, or nearly 70 percent of the nation's total forest area will be covered in the field by initial forest surveys. The remaining area of about 200 million acres consisting mainly of extensive area of virgin timber in the West and second-growth forests in the Northeast, should be covered as soon as possible so that public and private forest policies may be based upon accurate knowledge of the timber supply situation. Resurveys since the war have covered about 105 million acres of the approximately 300 million acres first surveyed during the 1930's. Rapid completion of resurveys also is urgently needed, particularly in regions such as the South and Pacific Northwest where marked changes have occurred since these areas were first surveyed years ago. Some intensification of the Survey is also considered essential to meet the mounting pressures from Federal and State agencies, timber industries, forest land owners, and numerous others requiring localized information on forest resources. The Forest Survey as originally conceived was designed to obtain national and regional resource data, but it has become increasingly apparent that the Survey must have State and local utility as well. The growing need for more detailed information is a direct result of such factors as the increasing scarcity of desirable timber, continued strong demands for forest products, and greater efforts by both public and private agencies to bring about better management of forest resources.

Plan of Work: The requested increase would be used to speed up and intensify initial surveys in California, the Central States and the Northeast, possibly to initiate inventories in the previously unsurveyed Rocky Mountain Region, and to intensify estimates of timber requirements. Forest resurveys would be accelerated and intensified in Oregon and Washington, Montana and north Idaho, the Lake States, and the South. About one-third of the requested increase would be used for initial surveys and two-thirds for resurveys.

Surveys will be carried out largely by the regional Forest Experiment Stations, in most cases under cooperative arrangements with local and State agencies. It is estimated that in 1951 a total of about 50 million acres will be covered by initial surveys, and 30 million acres resurveyed. Statistical and other findings of the Survey will be made available promptly in a series of statistical and analytical reports, forest type maps, correspondence, and other releases.

(2) Increase of $8,500 to place on a full-year basis in 1951 pay adjustments under P. L. 429 which were in effect for only a part of the fiscal year 1950.

STATUS OF PROGRAM

The objectives of these investigations is to determine the amount and kind of timber resources in the United States, and possible solutions to economic problems of ownership, production, marketing, etc., associated with management and use of the Nation's timber resources.

Current Activities: The Nation-wide survey of forest resources is designed to determine the area, location and condition of forest lands, the volume and quality of remaining stands of timber, the annual growth of new timber crops, annual depletion of timber by cutting and destructive agencies, and potential requirements for various timber products from United States forests.

Facts on timber resources obtained by the forest survey are widely distributed in the form of printed reports and type maps, and in answer to thousands of special requests from pulp and lumber companies, timber land owners, farmers, railroads, state and federal officials, and various others. Survey findings on timber resources and requirements for forest products are not only of great value to private industry and the public, but are also essential information for guiding national and state policies in forestry affairs.

As of July 1, 1949, 397 million acres, or about two-thirds of the forest land in Continental U. S. had been covered since initiation of the Forest Survey in 1930. Yet to be initially surveyed were 227 million acres, mostly in the Northeast, Central and Rocky Mountain regions. Of the 302 million acres of forest land surveyed in the 1930's, and needing resurveys to determine important changes in area and volume that have occurred as a result of growth and depletion, 89 million acres had been covered. Reports have been completed for about three-fourths of the area surveyed.

Current Rate of Progress:

Forest Surveys during fiscal year 1950 are expected to inventory for the first time 26 million acres of forest land in nine States—California, Montana, Indiana, Kentucky, Maryland, New York, Pennsylvania, Tennessee, and West Virginia. Resurveys are expected to cover 17 million acres of forest land in eight States—Arkansas, Florida, Idaho, Michigan, Minnesota, Oregon, Washington, and Wisconsin. Estimated progress in field inventories is less than in recent years, because more effort is going into estimates of timber drain and requirements, and preparation of reports. A Nation-wide forest type map and state analytical reports for Missouri, South Carolina, and Illinois, in addition to numerous statistical reports for states and counties are planned for issuance. In a number of states progress is

being substantially aided by cooperation from various state agencies--notably in California, New York, Florida, Minnesota, and Maryland. By providing financial and other assistance the states are thus able to obtain more detailed resource statistics and maps than could be provided by federal funds alone.

Investigations of forest economic problems included studies of timber supply for pulpwood in relation to industrial consumption in two regions, and the completion of a study in the Central States relating to the economics of utilizing low-grade hardwoods as a source of coarse fiber for roofing paper and felt. Methods were developed for maintaining financial records and for analyzing costs and returns from alternative methods of timber management. Special reports for the U.S.D.A. yearbook were prepared on the history of forestry in America, the significance of forest resources to the Nation's economy, and future requirements for timber. A number of reports analyzing the domestic forest situation and trade problems were prepared for various governmental agencies. Among these was a report on the lumber situation and outlook prepared for the Council of Economic Advisers, reports to the Munitions Board and the National Security Resources Board appraising potential supplies and requirements for lumber, plywood, pulp and paper, and other forest products.

(h) Forest Development Roads and Trails

Appropriation Act, 1950 and base for 1951	$10,348,000
Budget Estimate, 1951	12,465,000
Increase	+2,117,000

Note: Although there is an increase of $2,117,000 in direct appropriation shown above for 1951, there will be an increase of only $1,509,688 in funds available for obligation in 1950 due to the availability of prior year balance of $607,312 in the fiscal year 1950.

SUMMARY OF INCREASES, 1951

For construction and betterment of forest development roads to provide primarily for timber production	+$1,466,188
To place on a full-year basis in 1951, pay adjustments under P.L. 429 which were in effect for only a part of fiscal year 1950	+43,500

PROJECT STATEMENT
(Amounts Shown Include Pay Adjustment Costs)

Project	1949	1950 (estimated)	Increase: P.L. 429 adjustment	Increase: Other	1951 (estimated)
1. Construction .	$2,772,550	$2,705,312	[- -]	$1,466,188(1)	$4,171,500
2. Maintenance ..	7,437,578	8,250,000	+43,500	- -	8,293,500
Total pay act adjustment costs: P. L. 429	[- -]	[127,826]	[+43,500]	[+21,454]	[+192,780]
Total	10,210,128	10,955,312	+43,500(2)	1,466,188	12,465,000
Prior year balance available	-10,673,440	- -			
Available in prior year	+9,750,000	- -			
1949 balance available in 1950	+607,312	-607,312			
Transfer in 1950 estimates from "Printing and binding, Department of Agriculture"	-2,000	- -			
Total appropriation or estimate ..	9,892,000	10,348,000			

INCREASES

The increase of $1,509,688 in this item is composed of the following:

(1) Increase of $1,466,188 for construction and betterment of forest development roads to provide primarily for increased timber production.

Need for Increase: Over half of the existing 106,000 miles of forest developmrnt roads is of unsatisfactory standard and must be improved to carry present day vehicles including heavily loaded logging trucks. Much of the mileage was constructed in the 1920's and early '30's, primarily for protection from fire. At that time logs were moved by railroad or only in small loads for short distances by truck. Modern logging trucks carry from 20 to 60 tons payload and are now the primary means of moving logs from the woods.

After taking care of essential maintenance in the fiscal year 1950 there will remain less than $3 million from this appropriation for construction. Some of this must be used for improvement of other heavily used roads.

This estimate for the fiscal year 1951 will provide a little over $4 million for construction. The requested increase would permit the improvement of only a small part of the most critical of immediate needs, to help maintain the current rate of cutting.

(2) Increase of $43,500 to place on a full-year basis in 1951 pay adjustments under P. L. 429 which were in effect for only a part of the fiscal year 1950.

CHANGES IN LANGUAGE

The estimates include proposed changes in language of this item as follows (new language underscored, deleted matter enclosed in brackets):

For expenses necessary for carrying out the provisions of section 23 of the Federal Highway Act approved November 9, 1921, as amended (23 U.S.C. 23, 23a), relating to forest development roads and trails, including the construction, reconstruction, and maintenance of roads and trails on experimental areas under Forest Service administration, [$10,348,000] $12,465,000, which sum is
1 authorized to be appropriated by the [Acts] Act of [December 20, 1944 (Public Law 521), and] June 29, 1948 (Public Law 834), including not to exceed [$117,188] $122,091 for personal services
2 in the District of Columbia [and including not to exceed $150,000 for the construction by contract or otherwise of a railroad spur to facilitate the loading and removal of timber products], to
3 [be immediately available and to] remain available until expended:
* * *

The first change in language deletes reference to the Act of December 20, 1944 (Public Law 521) since all of the funds authorized by that Act have been appropriated.

The second change deletes language covering the non-recurring authorization to use these funds for the construction of a railroad spur which was provided for in the 1950 Agricultural Appropriation Act.

The third change eliminates the "immediately available" clause from the language of the item. The words are unnecessary and there is usually no need for funds prior to the beginning of the new fiscal year. This proposed change would not affect the work in any manner.

STATUS OF PROGRAM

Forest development roads and trails are authorized by Section 23 of the Federal Highway Act of 1921. This system is primarily important for the protection, administration and utilization of National Forest resources. These roads are ordinarily built to serve the property rather than inter-community or cross forest traffic, but do at the same time extensively supplement county secondary systems and provide access to a great many private holdings. Forest development roads are most often surfaced with dirt or gravel and are usually considerably below highway standards in other respects. The horse and foot trails are primarily for protection against fire, but are also extensively used by cattlemen, miners, sportsmen and other recreationists.

The appropriation for Forest development roads and trails in the fiscal year 1950 was $10,348,000. Maintenance is under way at an estimated cost of about $8,150,000. Maintenance will be accomplished on about 75,000 miles of roads and 88,000 miles of trails. The work this year includes the replacement of about 300 old timber bridges at a cost of about $1,300,000. This activity will have to be continued for many years as the timber bridges built by the Civilian Conservation Corps are becoming unsafe for further use. Gravel surfacing must be replaced on at least 500 miles of road at a cost of about $600,000.

After financing the essential maintenance that must be done to preserve the investment in the roads and trails and to serve the traffic over them, there will remain approximately $2.2 million for construction. This will be used primarily for the construction and reconstruction of the most urgent timber access roads.

Current Progress

During the fiscal year 1949 a total of 74,392 miles of roads and 90,514 miles of trails were maintained. Construction and betterment of roads and trails on the development system totalled 878 miles for roads and 53 miles for trails. These figures include accomplishments under all funds available for road and trail work.

Status of Development Road and Trail System

	Per Cent	Miles	Miles Per Sq. Mile Gross Area	Estimated Cost To Complete
DEVELOPMENT ROADS				
Satisfactory Standard	34	48,831	0.14	-
Unsatisfactory Standard	40	57,924	0.16	$225,919,000
Non-Existing	26	37,207	0.10	401,635,000
Total	100	143,962	0.40	$627,554,000
TRAILS				
Satisfactory Standard	64	89,293	0.25	-
Unsatisfactory Standard	28	39,596	0.11	$ 7,933,500
Non-Existing	8	11,217	0.04	8,257,500
Total	100	140,106	0.40	16,191,000
Total for Development Roads and Trails				$643,745,000

(i) Forest Fire Cooperation

Appropriation Act, 1950 and base for 1951	$9,000,000
Budget Estimate, 1951	10,000,000
Increase (to intensify cooperative fire protection on state and privately-owned lands)	+1,000,000

PROJECT STATEMENT
(Amounts Shown Include Pay Adjustment Costs)

Project	1949	1950 (estimated)	Increase	1951 (estimated)
1. Cooperation with States in forest fire prevention and suppression .	$8,985,515	$9,000,000	$1,000,000	$10,000,000
Total pay adjustment costs, Public Law 429	- -	[7,010]	[+3,345]	[10,355]
Unobligated balance	895		- -	
Total available	8,986,410	9,000,000	1,000,000	10,000,000
Transferred to:				
"Salaries and expenses, Office of Information, Department of Agriculture"	+14,590	- -		
"Printing and binding, Department of Agriculture"	+45,000	- -		
Transfer in 1950 estimates from "Printing and binding, Department of Agriculture"	-46,000	- -		
Total appropriation or estimate ...	9,000,000	9,000,000		

INCREASE

An increase of $1,000,000 to expand and intensify cooperative fire protection on State and privately owned lands in 43 States and Hawaii qualifying under the Clarke-McNary Law of June 7, 1924, as amended by Public Law 392, approved October 26, 1949.

Need for Increase: The requested increase of $1 million is needed (1) to help strengthen protection where it is now spread too thin, (2) to extend protection to additional areas not now protected and (3) to intensify the Nation-wide campaign to reduce the number of preventable fires.

During the calendar year 1948, the fire weather generally was more favorable than for many years. Yet in spite of this over 61,000 fires were reported, which burned nearly 2 million acres on State and private forests under organized protection. This shows that present day protection is still too weak in many places and needs material strengthening.

It is estimated that 438,994,000 acres of State and privately owned lands now qualify for protection under this program. Of this area there still remains the vast area of 99,531,000 acres needing, but not now receiving, the benefit of organized protection. It is on these unprotected lands where the greatest losses occur. Last year over 106,000 fires were reported on these unprotected lands, burning over 14 million acres. This requested increase of $1 million should enable some States to expand their protection coverage to many of these now unprotected lands.

Approximately 90% of all forest fires are man-caused and, therefore, preventable. Lightning accounts for the remaining 10%. The cheapest way to fight fires is to prevent them. This increase would provide substantial aid to the present efforts aimed at impressing upon the public the need and importance of safeguarding our forest resources and teaching people the simple precautions they should take to prevent forest fires.

The Clarke-McNary law authorizes not more than 50 percent Federal financial participation in this program. During 1949, the States and private owners spent $19,302,866 or 68%, as against the Federal Government's $9 million. It is clearly evident that State and private expenditures will be more than ample to match a Federal appropriation of $10 million in 1951.

On the basis of present day prices, it is estimated that the total cost of performing an adequate fire control job on all qualifying Clarke-McNary lands will amount to at least $40 million annually. On the basis of 50 percent participation, the Federal share would be around $20 million annually. The Act of October 26, 1949, Public Law 392, authorizes graduated increases in the Federal appropriation up to $19,000,000 by fiscal year 1954.

STATUS OF PROGRAM

Current Activities: The purpose of this program is to aid States in protecting State and private forests from destructive fires. The program has been in effect for 25 years under authorization of Section 2 of the Clarke-McNary Law and prior to that for 13 years additional under the Weeks Law. Federal assistance to States and private forest owners is necessary because:

(a) Nearly three-fourths of our Nation's commercial forest lands are in State and private ownership,

(b) 90% of our lumber and other forest products are cut from these non-federal forests,

(c) They comprise our most productive and most accessible supply of home grown forest products,

(d) Prevention and suppression of wild fires is the first essential toward making and keeping these lands productive,

(e) Wild fire does not recognize private, county or State boundary lines. Therefore, teamwork is highly essential in fire prevention and control.

Current activities comprise financial cooperation in fire control with 43 States and Hawaii. They likewise include special services to States in such things as training in the best fire fighting techniques, procurement and development of better fire tools, motorized equipment, radio and the like; and spearheading Nation-wide efforts to reduce the number of man-caused fires. Ninety percent of the forest fires are man-caused and, therefore, are preventable. The public causes most fires and it, therefore, becomes a public responsibility to help prevent and suppress them.

Federal inspections are made of all cooperative projects. In addition, Federal audits are made of the State cooperative project accounts. Expenditures for this program are made in the first instance by the States, which receive Federal reimbursement from this appropriation of not to exceed 50% of such costs.

The status of protection on January 1, 1949, was:

Needing protection	439 million acres	
Now protected	339½ million acres	- 77%
Unprotected but needing it	99½ million acres	- 23%

The greatest current needs are:

(a) Extend protection to all areas needing it - 99½ million acres still unprotected,

(b) Intensify protection where it is not now adequate,

(c) Reduce the number of man-caused fires.

Selected Samples of Recent Progress:

Area under protection was increased by 11½ million acres during calendar year 1948 - total now 339½ million acres.

In 1948 0.58% of the protected area burned as against an estimated 14.35% on the unprotected lands.

5,226 prosecutions were made by cooperating States for violation of State fire laws; convictions 90%.

Fiscal year 1949 expenditures were:

State and County	$17,200,919	- 61%
Private	2,101,948	- 8%
Federal	9,000,000	- 31%
Total	$28,302,867	100%

This total is an increase of $4,406,867 over the Fiscal Year 1948.

Other examples of recent progress are:

Increased efforts to reduce the number of man-caused fires.
More and better training of leaders and fire fighters.
Establishment of better communication systems - radio.
Increased use of power equipment for suppression - also airplanes - - all result in reduction of fire toll.
More strict enforcement of State fire laws.

State Allotments and Expenditures for Forest Fire Cooperation

State	State and Private Funds Expended, F.Y. 1949	Federal Allotments, F.Y. 1950
Alabama	$626,244	$332,638
Arkansas	555,375	270,476
California	4,750,192	1,479,647
Colorado	46,421	27,647
Connecticut	85,724	49,025
Delaware	10,639	5,226
Florida	760,283	465,553
Georgia	453,485	253,580
Hawaii	5,673	3,387
Idaho	242,275	129,335
Illinois	33,513	21,683
Indiana	78,770	57,885
Iowa	11,618	9,787
Kentucky	128,725	100,308
Louisiana	650,199	219,770
Maine	495,024	154,815
Maryland	210,656	99,423
Massachusetts	181,325	90,931
Michigan	1,014,191	431,640
Minnesota	708,246	268,736
Mississippi	530,910	259,703
Missouri	371,659	188,222
Montana	124,530	76,625
Nevada	18,220	9,957
New Hampshire	149,205	69,429
New Jersey	259,492	105,717
New Mexico	15,029	10,627
New York	666,027	243,288
North Carolina	470,404	247,375
Ohio	117,233	57,088
Oklahoma	56,822	56,090
Oregon	1,282,934	708,166
Pennsylvania	482,535	199,790
Rhode Island	44,253	26,847
South Carolina	496,148	320,191
South Dakota	17,807	6,994
Tennessee	144,505	111,877
Texas	336,230	168,319
Utah	35,267	20,054
Vermont	61,510	21,340
Virginia	396,379	158,513
Washington	1,228,564	563,902
West Virginia	254,016	163,462
Wisconsin	694,610	284,932
Administration, Inspection, Prevention and Special Services to States	—	450,000
Grand Totals	$19,302,867	$9,000,000

(j) Farm and Other Private Forestry Cooperation

Appropriation Act, 1950	$1,100,000
Activities transferred in 1951 estimates to "Salaries and expenses, forest and range management investigations" for farm forestry investigations	-24,600
Base for 1951	1,075,400
Budget Estimate, 1951	2,075,400
Increase	+1,000,000

SUMMARY OF INCREASES, 1951

To strengthen cooperation with States in procurement, production, and distribution of forest-tree and shrub seeds and plants	+850,000
To strengthen cooperation with States in farm forestry Extension activities	+150,000

PROJECT STATEMENT
(Amounts Shown Include Pay Adjustment Costs)

Project	1949	1950 (estimated)	Increase	1951 (estimated)
1. Cooperation with States in procurement, production, and distribution of forest-tree and shrub seeds and plants (Forest Service)	$123,982	$224,600	+$850,000(1)	$1,074,600
2. Cooperation with States and private forest owners in forest management service work (Forest Service)	557,151	744,457	- -	744,457
3. Cooperation with States for Extension activities in developing farm forestry (Extension Service)	104,163	106,343	+150,000(2)	256,343
Total pay adjustment costs, Public Law 429	[- -]	[4,729]	[+3,725]	[8,454]
Unobligated balance .	4,604	- -	- -	- -
Total available ...	789,900	1,075,400	+1,000,000	2,075,400
Transfer in 1950 estimates from "Printing and binding, Department of Agriculture"	-5,000	- -		

(Continued on next page)

Project	1949	1950 (estimated)	Increase	1951 (estimated)
Transfer in 1951 estimates to "Salaries and expenses, Forest Service, Forest and range management investigations	24,600	24,600		
Total appropriation or estimate	809,500	1,100,000		

INCREASES

The increase of $1,000,000 in this item is composed of the following:

(1) An increase of $850,000 under Project 1 for cooperation with States in procurement, production and distribution of forest-tree and shrub seeds and plants, under Public Law 392, approved October 26, 1949.

Need for Increase: One of the worst features of our forest situation is the denuded or non-productive condition of some 62 million acres of private forest lands. Forest restoration on such idle lands commonly requires planting although with fire protection some may eventually restock naturally. Forest planting is expensive. Only about 3,000,000 acres of private lands have been successfully planted to date. Except for some large owners and a few cooperative ventures, private forest planting has been almost entirely contingent upon the availability of planting stock from the States at low cost. Making stock available at, say, 50 percent of actual cost has proved a powerful stimulant. Many small owners use their own labor in the actual planting.

Section 4 of the Clarke-McNary Act, prior to the amendment carried in Public Law 392, and the Norris-Doxey Act, authorized Federal cooperation with the States in the production of forest planting stock and its distribution to farmers at nominal price. Federal participation in the cooperative tree planting program has been aimed wholly at helping the small forest farm landowner. The 4-1/4 million owners of small forest tracts (both farm and non-farm) account for 76 percent of the private land suited to the growing of timber. Since farm woodlands comprise but little more than half the private forest land in these small holdings, this program will be extended to non-farm owners also in 1951 as authorized by the recent amendment to Section 4 of the Clarke-McNary Act carried in Section 2 of Public Law 392.

This forest planting job needs to be tackled on a far larger scale than in the past. Planting by farmers has not yet exceeded 200 million trees (approximately 200,000 acres) in any year. A reasonable goal might be one billion trees a year, or enough to plant 20 million acres in 20 years after the program attains

full scale. If the average cost of producing this planting stock does not exceed $10 per thousand trees, experience indicates that the small forest owner will pay half of this cost and, in addition do the actual planting (valued at from $10 to $15 per thousand trees). Thus the private landowner would contribute three-fourths or more of the total cost of getting this idle land back into production leaving one-fourth of the total cost to be borne equally by the States and the Federal Government. Therefore, the Federal contribution for 1 billion trees a year -- enough for 1,000,000 acres -- would be $2.50 per thousand, or $2,500,000 annually. The increase of $850,000 would provide about 300,000,000 trees a year or enough for 300,000 acres.

Indicative of the readiness and ability of the States to participate in such a program are their actual net expenditures of $1,300,000 in 1949 to provide planting stock. Total State and private expenditures in 1951 will, therefore, exceed the proposed Federal appropriation of $1,074,600.

(2) An increase of $150,000 to strengthen cooperative extension work in farm forestry by increasing allotments to the States, Hawaii, and Puerto Rico for the employment of foresters under Public Law 392, approved October 26, 1949.

Need for Increase: The 3-1/4 million farm woodland owners in the United States have a huge investment in forest lands as they own 139 million acres, or nearly one-third of the Nation's commercial forest lands. For the most part these lands have been poorly managed. Only four percent of farm timber cuttings han be classed as good, while 25 percent are classed as fair, 63 percent poor, and 8 percent destructive. In some areas approximately 50 percent of the forest products harvested come from farm woodlands. With inadequate provisions for growing continuous crops on these lands, it is obvious that farm timber resources are being depleted and the productive power of the land is being seriously impaired. Farm owners will suffer from reduced incomes and industry will have to look elsewhere for timber products to supply their needs.

This deplorable situation with respect to farm woodlands is due partly to lack of forest knowledge, indifference, and economic pressures, but the foreboding picture can be changed to a much brighter one if adequate provisions are made to provide forest owners with practical information on woodland management. The farmers' stake is so great and public values are so important that neither can afford to let destructive forest practices continue. It is estimated that the annual income of $250,000,000 from farm woodlands can be raised two or three-fold through the application of adequate farm woodland management practices. The job is large and needs to be attacked vigorously through extension education and demonstration. The Department program in farm forestry extension carried out in cooperation with State extension services is an effective means of attacking the problem. To the extent it is being used it is successful, but extension funds at the present time permit the employment of

only 56 extension foresters which is a skeleton force and cannot reach the 3-1/4 million farm woodland owners with the great volume of information and practical assistance that is needed. The State and Territories now cooperating with the Department have indicated repeatedly that present personnel is inadequate to serve the large number of farm woodland owners who are uninformed and who need both subject matter and field assistance in the actual carrying out of forestry practice in the woods. Additional Federal funds in the amount of $150,000 are urgently needed for trained and experienced personnel to meet the numerous requests of farmers for assistance. The States have indicated their ability to match Federal funds thus assuring that the effectiveness of the Federal exenditure will be at least doubled.

Plan of Work: The increase of $150,000 for fiscal year 1951 will provide for 46 additional extension specialists in forestry to assist farmers with forest management, utilization and marketing of farm timber products, farm tree planting for the production of timber crops, establishment of windbreaks and shelter belts, the preservative treatment of fence posts, Naval stores and maple syrup production and other phases of forestry. These extension foresters "educate" the small owner, give him the technical "know how" and assist in applying improved forest practices. They are responsible for subject matter on forestry, visual aids, the conduct of method and result demonstrations, introducing new and improved practices, and for training rural youth in 4-H Clubs. The work is organized on State and county levels and it is believed that woods owners, sawmill operators and the general public will recognize more readily the need for proper handling of the farm woods, the desirability for reforesting idle or low producing agriculture lands, and gain a clear understanding of the important place that timber growing may have in the economy of a farm, a county, and a State.

CHANGE IN LANGUAGE

The estimates include a proposed change in language of this item as follows (new language underscored; deleted matter enclosed in brackets):

**** and to carry into effect, through such agencies of the Department as he may designate, the provisions of the Cooperative Farm Forestry Act, approved May 18, 1937 (16 U.S.C. 568b), (not to exceed [$950,534] $785,034) and the provisions of sections 4 (not to exceed [$83,700] $1,074,600) and 5 (not to exceed [$65,766] $215,766) of the Act approved June 7, 1924 (16 U.S.C. 567-568), and Acts supplementary
1 thereto; [in all, not to exceed $1,100,000] $2,075,400, of which not to exceed [$64,653] $68,470 may be expended for personal services in the District of Columbia.

This change in language is proposed to delete the words "in all, not to exceed" for the sole purpose of shortening and simplifying the wording of the item.

STATUS OF PROGRAM

Current Activities: Nearly three-fourths of this country's commercial quality forest land is privately owned. These are potentially the most productive and most accessible parts of our forest area. We must continue to depend on privately owned forests for the bulk of our forest products.

We will not get adequate supplies of forest products from privately owned forests unless an effort is made to grow timber as a crop. Reliance has been placed, so far, on the old-growth forests that were here when the nation was settled. Conscious effort means making provision for a new crop of timber when we cut the remaining old-growth or the volunteer second-growth.

As of today we are not making that effort. Some forest properties are well managed but the total acreage is small in comparison with the 345 million acres of commercial forest in private ownership. Three-fourths of the 345 million acres is in small ownerships--mainly in individual holdings of less than 100 acres. The crux of the nation's forestry problem is in these small ownerships. At present, 71 percent of the timber cutting on these small forests makes no provision for future timber crops; on only 4 percent of the cutting area is there adequate provision for future crops.

This appropriation is the major--essentially the only--effort by the Federal Government toward improvement management of privately owned forest lands. It attempts to cover all size classes of private ownership but is aimed chiefly at the 4-1/4 million small forest holdings. In the fiscal year 1949 the Federal Government spent $809,500 and State agencies spent $2,099,061.

The work under this cooperative program falls into three broad categories:

(1) Cooperation with states in distribution of forest trees for farm woodland planting.

(2) Cooperation with states for extension activities in farm forestry.

(3) Cooperation with states and with timberland owners for a service program of technical assistance in forest management.

Selected Examples of Recent Progress:

1. Planting (Forest Service): In spite of a slight increase in the production of nursery stock by the State tree nurseries in 1948 only about 50% of the demand for planting stock could be satisfied. Factors which are retarding progress in the build-up of nursery production are (1) inadequacy of available funds to meet the increased costs of nursery work; (2) a scarcity of tree seeds, especially conifer seeds, and (3) the natural lag in

bringing transplant stock to a plantable size. The several states are expanding their nursery inventories as rapidly as their facilities will permit. In the meantime landowners have not been encouraged to plan reforestation work because it was known that their orders for planting stock would not be filled. The distribution of trees to farmers under this program increased from 42,347,000 in calendar year 1947 to 77,000,000 trees distributed in 1948. In spite of this increase the number of trees available was far below the demand.

2. Extension Forestry (Extension Service):

Farm Forestry Extension: There are 45 States and 1 Territory cooperating with the Department of Agriculture in farm forestry extension, employing 68 State extension foresters who are charged with the responsibility for conducting a Statewide farm forestry extension program and for carrying it out among farm people through several thousand county agricultural agents. The State extension foresters prepare the necessary subject matter by way of bulletins and circulars, press releases, radio programs, visual aids, such as lantern slides, posters and exhibits. They plan and conduct method and result demonstrations; and they gather and disseminate data and information on forestry activities. Two Federal extension foresters assist the State extension foresters in developing and preparing subject matter and provide a general advisory service, besides serving in a forestry liaison capacity between the States and the Department. One of these extension foresters is assigned to the South and East, and the other to the Lake, Central, and Western States.

Application of Woodland Management Practices: The most helpful contribution extension foresters are making is with the application of woodland management practices, - as selective cutting, improved thinnings, weedings and pruning of forest trees. The State specialists are a valuable link in assisting farmers to convert farm timber to much needed building materials. Labor saving equipment, such as efficient hand and power tools for farm logging operations, tree planting machines, and a machine for tapping maple trees, is being demonstrated by extension workers. Field demonstrations are given in the planting of trees for windbreak and shelter belt protection, erosion control, and for the growing of timber products, such as fence posts, naval stores, pulpwood, and sawlogs; and the preservative treatment of fence posts and other farm timbers. The increasing interest in 4-H forestry club work is creating additional demands on extension foresters. Closely allied to the forestry phase of this work and of coming importance is water and soil conservation. Forestry specialists are contributing to these allied projects.

Assistance to Farmers: The following summary shows the number of farmers who were assisted by extension workers through group demonstrations, meetings, etc., and the number of counties reporting:

Item	Total
Number of counties reporting farm forestry extension work	2,381
Number of communities in which work was conducted	21,410
Number of voluntary local leaders or committeemen assisting	22,994
Days devoted to work by:	
a. Agricultural agents	27,472
b. State extension workers	5,373
Number of farmers assisted:	
a. In reforesting new areas	63,518
b. In planting windbreaks or shelter belts	32,063
c. In making improvement thinnings, weedings, or pruning of forest trees	33,730
d. With selection cutting	30,936
e. With production of maple sirup products	5,192
f. With production of naval stores	2,478
g. In timber estimating and appraisal	18,138
Number of communities in which marketing of forest products was conducted	4,949
Number of farmers cooperating in prevention of forest fires	650,292
Number of 4-H Club members conducting forestry projects	23,083
a. Number of acres involved in projects	44,344

3. Technical Assistance in Forest Management (Forest Service): Many owners of small woodlands found it both profitable and satisfying to manage their woodlands wisely. At the end of the fiscal year 1949 over 3,121 owners, in addition to the ones assisted, wanted this direct in-the-woods type of assistance in solving their forest management problems.

For the entire fiscal year the number of project foresters working in 39 states, each state having one or more, averaged about 180. Sound and substantial progress was made in securing the adoption of good forest management practices on the lands of over 90% of the individuals who requested assistance.

Accomplishments of these foresters for the fiscal year 1949 are:

Item	Total
Owners assisted in applying improved management practices on woodland	17,140
Acres involved	1,769,240
Owners making improvement and harvest cuttings	7,569
Acres involved	207,369
Acres of young timber saved from premature harvest	155,141
Board feet of sawtimber and other forest products cut and sold	438,000,000
Contributed to gross farm income	$7,722,000
Farm foresters assisted and advised owners in harvesting other forest products:	
Barrels of gum naval stores	2,189
Gallons of maple sirup	158,660

Timber buyers and small sawmill operators continue to endorse these woodland management projects and keep in close contact with local foresters. Many of them suggest to the woodland owner that he get the advice of the forester before cutting or selling any timber. It is encouraging that the progressive millman is beginning to see a future to his own business when woodlands are managed so as to produce continuous crops of quality timber.

Accomplishment to date, however, is still small in comparison with the size of the job-261 million acres in 4-1/4 million separate holdings. To cover the ground one time, and do it within 10 years, would require about 2,000 foresters.

The large and medium-sized privately owned timberlands which constitute 25 percent of our 345 million acres of privately owned commercial forest land present an entirely different kind of problem so far as technical forestry assistance is concerned. The owners of these woodlands usually operate large wood-industries such as sawmills, remanufacturing plants, and pulp mills. Many of them can and do employ foresters full time or hire consultants part-time. Public assistance to this ownership group is restricted mainly to highly specialized advice and guidance to company and consulting foresters. This is a small but important part of this cooperative program.

Half the lumber cut in this country comes from some 40,000 small sawmills which are not members of trade associations and have no way to get the technical advice and information that would increase mill efficiency, reduce waste and generally improve their operations, except through the program of Farm and Other Private Forestry Cooperation.

(k) Acquisition of Lands for National Forests

Appropriation Act, 1950	$401,000
Budget Estimate, 1951	700,000
Increase (for purchase of additional land to provide for watershed protection and timber production)	+299,000

PROJECT STATEMENT
(Amounts Shown Include Pay Adjustment Costs)

Project	1949	1950 (estimated)	Increase	1951 (estimated)
1. Acquisition of lands for national forests . . .	$487,955	$401,000	+$299,000(1)	$700,000
Total pay adjustment costs, Public Law 429	[- -]	[1,250]	[+2,997]	[4,247]
Unobligated balance	13,045	-	-	-
Total available .	501,000	401,000	+299,000	700,000
Transfer in 1950 estimates from "Printing and binding, Department of Agriculture". . . .	-1,000	-		
Total appropriation or estimate	500,000	401,000		

INCREASE

(1) The increase of $299,000 in this item is for the purchase of lands for National Forests, for watershed protection and timber production.

Need for Increase: Forests and wood products are one of this Nation's vital natural resources, and the regulation and control of waterflows at their sources is one of its most pressing problems. These facts were recognized in enactment of the Weeks Law of March 1, 1911 (36 Stat. 961), and amendments to it such as the Clarke-McNary Act of June 7, 1924. These laws authorize the establishment, through purchase, of a system of national forests and the rehabilitation of depleted forest and watershed lands not being properly managed under private ownership. They also authorize and direct the National Forest Reservation Commission to review each national forest purchase unit established and approve each tract of land purchased within such units. There are, at present, 78 national forest purchase units approved by the National Forest Reservation Commission.

At present only one-half of the forest land within these units, which available facts indicate should be in public ownership, has been acquired for national forest purposes. Under present conditions, it is estimated the unpurchased private forest land within these units is annually costing the government $300,000 in fire protection alone, due to lack of consolidation of national forest acreage within these units. In addition, the public when later buying this private land, often pays increased amounts to the owners for the timber on the tracts which had been largely protected at the expense of the government. To often, also, such timber, as soon as it becomes marketable for any purpose, is slashed off and the lands denuded, thus adding to the fire hazard and minimizing the effectiveness of forestry measures on the intermingled government lands.

With over 20 million acres of forest and watershed land within existing purchase units to choose from, available evidence indicates the lands to be acquired under the estimate can be purchased at very reasonable prices. The land to be purchased consists primarily of small tracts. The owners, often absentee, are not able to apply good management due to their lands depleted condition and small acreage. Public ownership is necessary to assure needed rehabilitation and forestry-wise management, and is in the interest of local residents and communities, as well as of the Nation as a whole. It is the policy of the Forest Service not to establish purchase units and not to start purchasing tracts in areas where its holdings are in a minority, if private owners are acquiring and managing such lands under good forestry practices.

The proposed increase in the fiscal year 1951 of $299,000 would permit essential progress toward reaching the needed annual program for acquisition of lands for national forests in the interests of watershed protection and timber production. The proposed increase would permit the purchase of approximately 50,000 additional acres.

CHANGE IN LANGUAGE

The estimates include a proposed change in the language of this item as follows (new language underscored, deleted matter enclosed with brackets):

Weeks Act: For the acquisition of forest lands under the provisions of the Act approved March 1, 1911, as amended (16 U.S.C. 513-519, 521), /$401,000, to be available only for payment toward the purchase price of any lands acquired, including the cost of surveys in connection with such
1 acquisition/ $700,000, of which not to exceed $18,430 may be expended for personal services in the District of Columbia: Provided, That no part of such funds shall be used for the purchase of lands in the counties of Adair, Cherokee, and Sequoyah, in the State of Oklahoma, without the specific approval of the Board of County Commissioners of the county in which such lands are situated.

This proposed change deletes the restriction on the use of these funds only for the payment of the purchase price of any lands acquired and provides authority for the payment from this appropriation of the expenses relating

to the purchase of land, both in the District of Columbia and in the field. The recommended language is identical with that in the Agricultural Appropriation Act for 1947 and similar to the language used in earlier years.

STATUS OF PROGRAM

This appropriation is provided to acquire lands for the protection of the watersheds of navigable streams and for the production of timber under the provisions of the Weeks law of March 1, 1911 (36 Stat. 961), as amended by the Acts of June 7, 1924 (43 Stat. 654) and March 3, 1925 (43 Stat. 1215).

There are now 79 national forest and purchase units, situated in 32 states and PuertoRico, within which acquisition of lands under the above acts has been approved by the National Forest Reservation Commission and in which lands still remain to be acquired; in eight of these, land acquisition has been deferred for lack of funds or is awaiting development of conditions favorable to initiation of an acquisition program. With a few exceptions, the purchase units established with the approval of the National Forest Reservation Commission comprise lands which were all, or nearly all, in private ownership at the time of approval. Most are east of the Great Plains.

Within the aforesaid purchase units 22,551,242 acres have been approved for purchase or have national forest status through donation, transfer, exchange, or otherwise and 23,574,011 acres of land chiefly valuable for forestry and watershed purposes still remain to be acquired. The program of consolidating the approved units is therefore less than 50 percent complete. Actually, in over half of the active units more than 50 percent of the forest and watershed lands are still privately owned; in only 13 units has as much as 70 percent of the purchasable acreage actually been acquired.

The unacquired lands are in large measure principally valuable for timber growing or for watershed protection. Many of them have been heavily logged, unwisely cultivated, or otherwise impaired. Most of them should be in public ownership to assure that they will be so managed as to contribute optimum benefits to streamflow regulation and timber production. Dispersed public ownership leads to higher unit costs of protecting and managing the government lands, and to some extent decreases the effectiveness of good management practices on such lands since the intervening private areas remain subject to overcutting, unwise cultivation, overgrazing, or other detrimental practices.

Purchase work under the above cited acts was initiated in 1911 in the Appalachian regions of New England and western North Carolina. During the ensuing 39 years it has been extended further throughout the Appalachians, to the Piedmont and southern pine areas, the central hardwoods region, the Ozark plateau, the Lake States and, to a minor degree, the western Douglas-fir, pine, and redwood areas. In all but five of the 38 fiscal years 1911 to 1949, inclusive, congressional appropriations or allotments through executive orders have been made available for land acquisition.

Illustrative of the types of tracts purchased under this program are the following which are available for purchase at present:

(1) 1,900 acres in White Mountain National Forest available at $4 per acre. Watershed and timber values. Tract controls access to national forest land and timber behind it. Owner is 80 years old and wants to sell for national forest purposes. If not bought will probably be divided into small tracts and sold.

(2) 240 acres in Oakmulgee district, Talladega National Forest, adjoins national forest tract in upper part of drainage formerly eroding but now planted for erosion control. Privately owned tract now subject to active gully and sheet erosion which will extend to treated land above if not stopped. This is practically all private land in the small watershed and should be acquired and erosion control measures instituted promptly to stop soil loss and protect public investment in adjoining land.

(3) 1,300 acres in Ottawa National Forest, Michigan, at $6.50 per acre tributary to town of 500 dependent on lumber industry. Under national forest management can produce annual cut of one-half million board feet and eventually more. Managed in conjunction with other national-forest lands can add substantially to stability of timber supply for local industry.

The following tabulation shows the status of the existing purchase units as of June 30, 1949, and progress expected in the fiscal year 1950.

	Gross Area (Acres)	Not to be Acquired (Acres)	Acquirable (Acres)
Purchase Units as of 6/30/49. . . .(79)	53,503,145	7,377,892	46,125,253
Acquired by purchase, exchange, donation, transfer from other Federal agencies, and reservation from the Public Domain, as of 6/30/49			22,551,242
Balance to be acquired as of 6/30/49 to complete purchase units			23,574,011
Estimated acquisition by purchase during fiscal year 1950			60,000
Balance estimated to be acquired as of 6/30/50			23,514,011

It is estimated that the fiscal year 1950 appropriation will permit acquisition of about 60,000 acres. Preference will be given to units in which purchase work has been started and to tracts which serve to consolidate existing government ownership in the interest of more efficient and economical management of the national forests.

(1) Acquisition of Forest Land, Superior National Forest, Minnesota

Appropriation Act, 1950	$ 75,000
Budget Estimate, 1951	200,000
Increase (for purchase of additional privately-owned lands within portions of the Superior National Forest, Minnesota)..	+125,000

PROJECT STATEMENT
(Amounts Shown Include Pay Adjustment Costs)

Project	1949	1950 (estimated)	Increase	1951 (estimated)
1. Acquisition of forest land, Superior National Forest, Minnesota	--	$75,000	+$125,000(1)	$200,000
Total pay adjustment costs, Public Law 429	[--]	[47]	[+618]	[665]
Total appropriation or estimate	--	75,000	+125,000	200,000

INCREASE

(1) The increase of $125,000 in this item is for the purchase of privately owned lands within portions of the Superior National Forest, Minnesota, as directed by Public Law 733, 80th Congress, approved June 22, 1948.

Need for Increase: The northern portion of the Superior National Forest adjoining the international boundary is a country of innumerable lakes and streams of a superlative wilderness character which, as far as is known, is not duplicated elsewhere in the entire world. Preservation of these primitive characteristics, so that opportunities for recreational canoe trips through such an outstanding wilderness area may continue, is of major concern to large numbers of persons and agencies interested in outdoor recreation. National Forest lands in the area are classified as a roadless area and until recent years the absence of roads prevented the construction of resorts or habitations, except occasional cabins. Cargo-carrying aircraft, however, now ferry material into even the most remote portions of this wilderness area for the construction on private lands of resorts and homes.

Congress has twice considered the problem of preserving this wilderness area and has twice acted affirmatively. The act of July 10, 1930, relating to Federal lands, provided for maintenance of water levels, for preservation of timber along waterways, and prohibited disposition of public land. Public Law 733, of June 22, 1948, directs the Secretary of Agriculture to acquire privately owned lands within the area and authorizes appropriations of $500,000 therefor.

Construction of resorts, summer homes, airplane landing fields, shops and service stations for motor boats, and like facilities on scattered tracts of privately owned lands within this wilderness canoe area will effectively destroy its irreplaceable values. To forestall such developments, as directed by Congress, it is essential that the privately owned lands be brought into public ownership quickly, and it is particularly important that such lands be acquired before, rather than after, expensive improvements are placed upon them.

$75,000 was appropriated by Congress in the fiscal year 1950. An appropriation of $200,000, an increase of $125,000, is needed during the fiscal year 1951 to acquire key areas of private land, including two or three resort sites which otherwise are expected to be improved by the owners. If such sites are not purchased now, and if, as a consequence, lodges and other improvements are erected on them, their later acquisition will then cost the government three or four times the present price. The requested $200,000 is urgently needed, therefore, to preserve the priceless winderness character of the area concerned and to save later acquisition of the needed lands at an increased cost of three or four hundred percent.

STATUS OF PROGRAM

This appropriation provides for the purchase of lands within the Superior National Forest, Minnesota, pursuant to the special authorization of Congress contained in Public Law 733 approved June 22, 1948.

Public Law 733 was passed in response to public demand that steps be taken to preserve the wilderness conditions of a part of the Superior National Forest in Minnesota. It is located within a day's auto drive or a short airplane trip of a large portion of the Nation's population. Preservation of the wilderness conditions of this area requires consolidated public ownership which necessitates purchase of scattered tracts of privately owned land which until recently could not be improved because of remoteness from roads. Now, however, these tracts can be developed with resorts, houses, stores, etc., through use of seaplane freight service. There are approximately 43,000 acres of privately owned land within the specified area of which 40,000 acres are planned for purchase.

The appropriation for fiscal year 1950 is $75,000, with which will be purchased about 28 tracts including approximately 2200 acres, of which at least one tract is improved and the balance highly susceptible of development. Purchase of such tracts at a later date after development, even small scale improvements such as cabins, would cost several times present prices. There will remain about 38,000 acres to be acquired as of the beginning of fiscal year 1951.

(m) Acquisition of Lands from National Forest Receipts

Appropriation Act, 1950	$142,000
Budget Estimate, 1951	142,000
Change, 1951	- -

PROJECT STATEMENT
(Amounts Shown Include Pay Adjustment Costs)

Project	1949	1950 (estimated)	1951 (estimated)
1. Uinta and Wasatch National Forests, (Utah only)	$9,199	$40,000	$40,000
2. Cache National Forest, (Utah only)	8,379	10,000	10,000
3. San Bernardino and Cleveland National Forests, (Riverside County, California only)	16,299	22,000	22,000
4. Nevada and Toiyabe National Forests, (Nevada)	3,687	10,000	10,000
5. Angeles National Forests (California)	6,886	20,000	20,000
6. Cleveland National Forest (San Diego County, Calif. only)...	4,646	5,000	5,000
7. Sequoia National Forest (California)	8,941	35,000	35,000
Total pay adjustment costs, Public Law 429	[- -]	[534]	[562]
Unobligated balance	79,548	- -	- -
Total appropriation or estimate	137,585	142,000	142,000

ACQUISITION OF LANDS (RECEIPT LIMITATION)

STATUS OF PROGRAM

This appropriation provides for the purchase of lands under the provisions of seven special acts of Congress enumerated in the appropriation item. These acts were passed with the support and concurrence of local people so that certain private lands intermingled with existing national forest lands could be acquired and placed under national forest administration. These lands are not in the drainages of navigable streams, and therefore, cannot be acquired under the Weeks law of March 1, 1911. They frequently are subject to forms of misuse such as clear cutting of timber, overgrazing, removal of brush cover, etc., which lead to soil and resource depletion, and which minimize or neutralize the protection and management practices carried out on surrounding national forest lands. In the southern California areas, occupancy and use of interspersed private lands may create fire hazards which threaten not only these tracts but also large areas of surrounding publicly owned and protected watershed. Protection and management of such lands as part of the national forest is recognized as highly desirable by local communities, especially from the standpoint of erosion prevention and flood control. The authorizing acts provide that certain proportions of the receipts of the specified national forests may be appropriated and used for the purchase of these lands. Since 25 percent of these receipts, otherwise, would be distributed to the counties, such provision, in effect means that the counties contribute one-fourth of the cost of the acquired lands.

The following table shows the status of the purchase program under this appropriation:

Purchases of Land Under the Forest Receipts Acts

State and Purchase Unit	Acquired to 6/30/49 (Acres)	Estimated Balance to be acquired (Acres)	Appropriation available in F. Y. 1950	Estimated acreage to be purchased in 1950
UTAH				
Uinta-Wasatch . .	83,563	85,560	$ 40,000.00	8,000
Cache	14,126	111,880	10,000.00	2,500
NEVADA				
Nevada-Toiyabe. .	7,809	53,600	10,000.00	2,000
CALIFORNIA				
Cleveland-San Bernardino (Riverside County)	9,269	72,000	21,240.25	5,000
Angeles	783	27,200	20,000.00	800
Cleveland (San Diego County) . .	960	90,000	5,000.00	1,000
Sequoia	5,579	39,700	35,000.00	3,000
TOTALS	122,089	479,940	141,240.25	22,300

It is estimated that about 22,000 acres can be acquired with the fiscal year 1950 appropriation. These will be tracts within the designated units for which public ownership offers the best assurance of adequate protection of soil and vegetative growth, restoration where necessary, and long-time management, with emphasis on watershed and erosion protection.

(n) Emergency Reconstruction and Repair

The 1948 appropriation of $4,000,000 was made to provide for the repair of a part of the damage to improvements in the National Forests of the Pacific Northwest, resulting from the floods of May and June, 1948. These floods caused serious damage to many National Forest improvements such as roads, trails, bridges, telephone lines, etc., located along the tributaries of the Columbia River. The floods were caused by heavy rains and rapidly melting snows at high elevations. The appropriation was approved June 25, 1948, and expired on December 31, 1948.

An additional $1,747,500 was appropriated in the fiscal year 1949 to continue the repair of improvements damaged by the floods of May and June in the Pacific Northwest. This appropriation was made available to June 30, 1950.

A further appropriation of $325,000 was made in the fiscal year 1950 to repair damage to improvements on National Forests in the States of Virginia, West Virginia, Georgia, and North Carolina, resulting from the floods of June 1949.

It was necessary to repair the flood damage in order to prevent serious adverse effects on such National Forest responsibilities as the prevention and suppression of forest fires, protection of the health of users of public campgrounds, and the production of lumber and other forest products from timber sales.

The following improvements were repaired with these funds:

Roads	3,720 miles	$3,263,332
Trails	4,351 miles	745,688
Bridges	230 each	1,747,348
Telephone lines	326 miles	65,204
Buildings, campgrounds, and range improvements.	321 each)	250,938
Fences	45 miles)	
Total		6,072,500

SPECIAL ACCOUNTS

(c) Payments to Schoold Funds, Arizona and New Mexico, Act June 20, 1910

Appropriation Act, 1950	$61,000
Budget Estimate, 1951	61,000
Change, 1951	--

PROJECT STATEMENT

Project	1949	1950 (estimated)	1951 (estimated)
Payments to school funds, Arizona and New Mexico, Act June 20, 1910 (appropriation or estimate)	$57,096	$61,000	$61,000

STATUS OF PROGRAM

The States of Arizona and New Mexico are reimbursed, as income for their common-school fund, in such proportion of the gross proceeds of all the national forests within those States as the area of land granted to the States for school purposes within the national forests bears to the total area of all national forests within the States. (Act of June 20, 1910, 36 Stat. 562, 573.)

As soon after close of the fiscal year as the receipts from national forests and the area of school lands in the States of Arizona and New Mexico are determined, the payments are made to the States. Payments in fiscal year 1950 will be $60,458 to Arizona, and $542 to New Mexico.

(p) Payments to States and Territories from the National Forests Fund

Appropriation Act, 1950	$7,719,490
Budget Estimate, 1951	7,500,000
Decrease, 1951	-219,490

PROJECT STATEMENT

Project	1949	1950 (estimated)	Decrease 1951	1951 (estimated)
Payments to States and Territories from National Forests Fund (appropriation or estimate)	$5,983,424	$7,719,490	$-219,490(1)	$7,500,000

DECREASE

(1) The decrease of $219,490 in this item reflects an estimated decrease in receipts for the fiscal year 1950, which, in turn, results in a decrease in payments to states and territories in fiscal year 1951.

STATUS OF PROGRAM

The Acts of May 23, 1908, and March 1, 1911, as amended by the Act of June 30, 1914, require, wich a few exceptions, that 25 percent of all money received from the national forests during any fiscal year be paid to the States and territories in which the forests are located, for the benefit of public schools and public roads of the county or counties in which such national forests are situated. The amount of this appropriation varies each year in direct proportion to national forest receipts during the previous fiscal year.

The exceptions are:

1. Receipts from the Tongass National Forest, Alaska, are being held in a suspense account pending the settlement of Indian rights under the provisions of the Act of August 8, 1947, Public Law 385.

2. The entire receipts from certain lands in the Mt. Hood National Forest, Oregon, are paid to Confederated Tribes of the Warm Springs Reservation of Oregon, under the terms of the Act of July 3, 1948, Public Law 892.

3. Certain specified counties in Minnesota receive three-fourths of 1 percent of the appraised value of designated national forest lands within the boundaries of the Superior National Forest, under the terms of the Act of June 22, 1948, Public Law 733.

4. For lands in certain counties in Utah, Nevada, and California, the States receive 25 percent of receipts only after funds have been set aside for the acquisition of national forest lands within the specified national forests under the terms of special acts authorizing annual appropriations from forest receipts for this purpose.

5. The receipts from certain lands in Oregon are being held in a suspense account pending determination of the custody of these lands.

(q) Roads and Trails for States, National Forests Fund

Appropriation Act, 1950	$3,088,000
Budget Estimate, 1951	3,000,000
Decrease, 1951	-88,000

PROJECT STATEMENT
(On an available funds basis)

Project	1949	1950 (estimated)	Decrease 1951	1951 (estimated)
1. Construction	$ 994,423	$2,788,000	-88,000(1)	$2,700,000
2. Maintenance	793,083	300,000	--	300,000
Total pay adjustment costs, Public Law 429	[--]	[+21,898]	[+10,637]	[32,535]
Total	1,787,506	3,088,000	-88,000	3,000.000
Prior year balance available in 1949	-1,324,622	--	--	--
1949 balance available in 1950	+1,930,486	-1,930,486	--	--
1950 balance available in 1951	--	+1,930,486	--	-1,930,486
1951 balance available in 1952	--	--	--	+1,930,486
Total appropriation or estimate	2,393,370	3,088,000	-88,000	3,000,000

DECREASE

(1) The decrease of $88,000 in this item reflects an estimated decrease in receipts for the fiscal year 1950, which, in turn, results in a decrease in funds for this item in the fiscal year 1951.

STATUS OF PROGRAM

Ten percent of moneys received from activities of the national forests during each fiscal year is available at the end thereof to the Secretary of Agriculture for the construction and maintenance of roads and trails within the national forests in the States from which such proceeds are derived. (Act of March 4, 1913, 16 U.S.C. 50.) Under present plans, these funds are used only for the construction of roads and trails within the appropriate national forests.

FOREST SERVICE

Functional Summary of RMA Projects Carried Out Under Title II

Functional Classification	1949	1950 (estimated)	Adjustments for 1951 P. L. 429	1951 (estimated)
Marketing Research and Services				
II. Expansion of outlets for farm products:				
b. Exploring opportunities for expanding domestic markets	$39,980	$40,800	+$500	$41,300

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS, WORKING FUNDS AND TRUST FUNDS

(Amounts shown include Pay Adjustment Costs)

Item	Obligations 1949	Estimated obligations 1950	Estimated obligations 1951
Administrative Expenses, Section 392, Agricultural Adjustment Act of 1938.: Department of Agriculture (Forest Service):			
Cooperation with Production and Marketing Administration in administration of the naval stores conservation program.....	$23,674	$21,094	$21,304
Local Administration, Section 388, Agricultural Adjustment Act of 1938, Department of Agriculture (Forest Service):			
Cooperation with Production and Marketing Administration in administration of the naval stores conservation program.....	95,310	107,440	108,425
Control of Forest Pests, Department of Agriculture (Forest Service):			
For white pine blister rust control on national forests	1,969,721	1,936,450	2,197,150
For insect control on national forests.....	569,547	687,512	a/
Total, Control of Forest Pests.	2,539,268	2,623,962	2,197,150
Flood Control, Department of Agriculture (Forest Service):			
For preliminary examinations and surveys in areas assigned by the Secretary, and watershed improvement work on congressionally approved watersheds.....	1,530,521	1,940,162	2,002,800
For assistance in preparation of an agricultural plan for the Columbia Basin area.....	--	--	34,300
Total, Flood Control.....	1,530,521	1,940,162	2,037,100

a/ Allotments under this appropriation for 1951 have not been determined.

(Continued on next page)

Item	Obligations 1949	Estimated obligations 1950	Estimated obligations 1951
Land Utilization and Retirement of Submarginal Land, Department of Agriculture (Forest Service):			
To provide for the resurvey of disputed boundaries and ownership of land utilization projects.....	--	--	51,850
Research and Marketing Act, Department of Agriculture (Forest Service):			
1. (Title I, sec. 10a) Utilization research.....	134,885	204,000	155,900
2. (Title I, sec. 10b) Research, other than utilization research.....	25,485	51,000	51,400
3. (Title II) Research on markets and prices for farm forest products.....	39,980	40,800	41,300
Total, Research and Marketing Act	200,350	295,800	248,600
Working Fund, Agriculture, (Forest Service) Advances from:			
Department of Defense, Department of the Air Force:			
Research and consulting services on sandwich materials, aircraft cargo floor panels, packaging and container problems, glues, plastics, core and bonding materials.....	174,971	91,576	--
Department of Defense, Department of the Army:			
Restoration of damaged national forest lands at Camp Livingston, Camp Claiborne, and Breezy Hill Artillery Range, Louisiana	93,347	51,186	--
Research on glues for plywood and furniture, fiberboard in shipping containers, packaging and container problems, and nitration of cellulose	48,015	28,448	--
Total, Department of the Army	141,362	79,634	

(Continued on next page)

Item	Obligations 1949	Estimated obligations 1950	Estimated obligations 1951
Working Fund, Agriculture, (Forest Service) Advances from--Continued:			
Department of Defense, Department of the Navy:			
Research on plywood, glues, laminated plastics, sandwich construction, core and bonding materials, packaging and container materials.....	130,993	116,281	
National Advisory Committee for Aeronautics:			
Studies of stress concentration in non-isotropic materials, of effects of high and low temperatures on the properties of adhesives, of the strength and bonding of cellular cores for sandwich construction.....	26,470	26,707	
Department of the Interior:			
Protection of Department of the Interior lands within National Forests.....	82,895	1,907	
Reconstruction or relocation of National Forest improvements damaged or destroyed by activities of Department of the Interior agencies.....	12,555	10,881	
To cover cost of fire protection and for maintenance of smoke jumpers for use on forest fires on park-service land.....	7,848	7,095	--
Production of tree planting stock.....	228	881	--
Total, Department of the Interior	103,526	20,764	--

(Continued on next page)

Item	Obligations 1949	Estimated obligations 1950	Estimated obligations 1951
Working Fund, Agriculture (Forest Service) Advances from--Continued:			
Department of Commerce, Bureau of Public Roads:			
Investigation of applications, and construction, maintenance and improvement of access roads to sources of raw materials.....	383	2,593	--
Supervision of forest highway program.....	92,474	110,522	--
Total, Department of Commerce, Bureau of Public Roads.....	92,857	113,115	--
Federal Power Commission:			
Investigation and supervision of Federal Power Commission projects.....	2,145	3,677	--
Housing and Home Finance Agency.			
Program of investigations and research on building materials and systems.....	66,094	25	--
Production and Marketing Administration:			
Research on development of packages for dried and shell eggs.....	--	4,500	--
Rural Electrification Administration:			
For technical assistance on power-line pole problems.....	5,733	3,267	--
Soil Conservation Service:			
Snow survey in Montana.....	2,775	100	--
Production of tree planting stock.....	--	5,000	--
Total, Soil Conservation Service.	2,775	5,100	--
Total, Working Fund, Agriculture, Forest Service.....	746,926	464,646	--

(Continued on next page)

Item	Obligations 1949	Estimated obligations 1950	Estimated obligations 1951
Working Fund, Agriculture, General (Allotment to Forest Service):			
Advance from Department of Defense, Department of the Army:			
For mapping strategic areas..	1,320	--	--
Advance from National Military Establishment, Department of the Navy:			
For mapping strategic areas..	27,000	50,000	--
Department of State:			
Training six Koreans in forestry.....	156	444	--
Total, Working Fund, Agriculture, General.....	28,476	50,444	
Working Funds, Agriculture, Forest Service, Special Fund:			
Advances from Interior Department:			
For installation of radio communication equipment.....	--	3,700	--
For relocation of telephone lines.....	--	3,000	--
For snow investigations, Frazer experimental area.....	2,493	7	--
Total, Interior Department....	2,493	6,707	--
Cooperative Work, Forest Service:			
Trust fund contributed by cooperators for the accomplishment of certain projects shown below, which are of mutual benefit to the Forest Service and to such cooperators:			
1. Construction of improvements.....	664,723	670,000	670,000
2. Maintenance of improvements.....	743,812	760,000	760,000

(Continued on next page)

Item	Obligations 1949	Estimated obligations 1950	Estimated obligations 1951
Cooperative Work, Forest Service--Continued			
3. Prevention and suppression of forest fires and control of insect epidemics	1,291,025	1,300,000	1,300,000
4. Disposal of brush and other debris in timber-sale operations and sale-area betterment.....	2,651,008	2,727,000	2,727,000
5. Forest investigations.....	306,371	275,000	275,000
6. Administration.....	103,665	110,000	110,000
7. Reforestation.....	35,050	35,000	35,000
8. Refunds to Cooperators.....	121,732	123,000	123,000
Total, Cooperative Work.....	5,917,386	6,000,000	6,000,000
Miscellaneous Contributed Funds, Department of Agriculture, (Forest Service):			
Trust fund for cooperating with Puerto Rico in preparation of cadastral and base maps of six Insular Forest Units.....	1,510	--	--
International Information and Educational Activities (Transfer from State Department) (Forest Service):			
For training in forestry of trainees from other American Republics.....	224	--	--
TOTAL, OBLIGATIONS UNDER ALLOTMENTS, WORKING FUNDS, AND TRUST FUNDS.....	11,086,138	11,510,255	10,664,429

PASSENGER MOTOR VEHICLES AND AIRCRAFT

Replacements of passenger motor vehicles. It is proposed to replace 148 cars in the fiscal year 1951. Practically all of these cars will be of model 1942 or older and the average mileage of all cars will be in excess of 60,000 miles. These vehicles have been operated mainly over mountain roads, where surfaces are rough and dusty, grades are steep and curves are numerous and sharp.

Replacements of aircraft. It is estimated that it will be necessary to replace two of the older reconnaissance planes in the fiscal year 1951. The planes to be replaced were acquired in 1945 and have flown thousands of miles. Since Forest Service planes are operated in large part over rough mountain terrain, they should not be continued in operation unless they are completely airworthy. The estimated cost of these planes is $10,000 each.

Acquisitions of aircraft. An increase in the total number of aircraft is proposed from the 17 planes in operation at the beginning of the fiscal year 1950, to 17 planes and one helicopter in the fiscal year 1951. One helicopter will be purchased at an estimated cost of $25,000. Helicopters have reached a stage of development which warrants the purchase of at least one of this type of aircraft. In this connection it should be stated that the authorization to increase the total number of aircraft by two, including one helicopter, in the fiscal year 1950 will probably not be used.

FLOOD CONTROL, DEPARTMENT OF AGRICULTURE

Purpose Statement

The Flood Control activities of the Department are carried out pursuant to the Flood Control Act of June 22, 1936, as amended and supplemented. They consist of:

1. The preliminary examination and survey of watersheds authorized by the Congress for investigation and the preparation of survey reports setting forth the watershed conditions and recommending improvement programs, and

2. The installation of watershed improvement measures to retard run-off and waterflow and to prevent erosion which are included in improvement programs approved by the Congress.

The Forest Service and the Soil Conservation Service have been assigned the responsibility, on a territorial basis, for the investigation of watersheds and the preparation of flood control survey reports. They mutually assist each other in matters involving their respective technical specialties. The Bureau of Agricultural Economics consults with them on economic matters and the Production and Marketing Administration prepares from its records information on conservation needs and otherwise assists in the development of watershed improvement programs. Other Federal agencies and State and local agencies are consulted as they have interests or can contribute to the development of recommended programs.

Watershed survey reports, after review within the Department, by other concerned Federal agencies and by the concerned States, are transmitted to the Congress for its consideration. When the recommended programs are approved by the Congress, the Department proceeds with installation of the authorized measures.

Watershed improvement measures to increase the infiltration of water into watershed lands, to retard and control run-off, and to prevent erosion and thus reduce sedimentation of stream channels and reservoirs are being installed on 11 watersheds for which the Congress has authorized improvement programs. This work is handled by the Forest Service and Soil Conservation Service, in cooperation with State and local agencies and land owners and operators.

The flood control activities are carried out by the regular organizations of the agencies handling the various phases of the work with personnel particularly qualified for the kinds of activities involved.

The Department, in cooperation with Federal and State agencies, is undertaking the preparation of an agricultural program for the Columbia Basin area in accordance with various laws relating to Department activities.

This work involves the development of a comprehensive agricultural program for the conservation, use and management of the watershed lands and related research, extension education and credit needs. Flood control survey activities in the area will be closely correlated with this planning activity.

	Estimated, 1950	Budget estimate, 1951
Appropriated Funds	a/ $9,500,000	$11,700,000

a/ In addition, $1,250,410 available in 1950 from prior year balances.

Appropriation, 1950	$9,500,000
Budget Estimate, 1951	11,700,000
Increase (direct appropriation)	+2,200,000

Note: Although an increased appropriation of $2,200,000 is requested for this item in 1951, it is estimated that there will be an increase of only $949,590 in total funds available due to the availability of prior year balances of $1,250,410 in fiscal year 1950.

SUMMARY OF INCREASES, 1951
(On the basis of available funds)

For planning an agricultural program for the Columbia Basin area	+200,000
For installing works of improvement on authorized watersheds ..	+749,240
For transfer to Office of the Solicitor and Office of Secretary for pay adjustment costs	+350

PROJECT STATEMENT
(Reflecting available funds)
(Amounts Shown Include Pay Adjustment Costs)

Project	1949	1950 (estimated)	Increase	1951 (estimated)
1. Surveys				
a. Preliminary examinations and surveys (flood control)	$1,695,294	$2,007,800	- -	$2,007,800
b. Agricultural program planning, Columbia Basin area	- -	- -	+$180,000(1)	180,000
2. Works of improvement (flood control)	4,268,338	8,699,760	+749,240(2)	9,449,000
Total pay adjustment costs, Public Law 429	[- -]	[116,499]	[+82,480]	[198,979]
Transferred to:				
Salaries and expenses, Office of Secretary of Agriculture	11,484	25,500	(+20,000(1) (+200(3)	45,700
Salaries and expenses, Office of Solicitor, Department of Agriculture	17,000	17,350	+150(3)	17,500
Total available ..	5,992,116	10,750,410	+949,590	11,700,000
Transfer in 1950 estimates from "Printing and binding, Department of Agriculture ..	-4,460	- -		
Prior year balance available in 1949	-1,238,066	- -		
1949 balance available in 1950	+1,250,410	-1,250,410		
Total appropriation or estimate	6,000,000	9,500,000		

INCREASES

The increase of $949,590 in estimated obligations under this item for 1951 consists of the following:

(1) An increase of $200,000, including $20,000 for transfer to "Salaries and expenses, Office of the Secretary of Agriculture", for the first of a three-year program to initiate the preparation of an Agricultural Program for the Columbia Basin area, involving the development and conservation of land, water and forest resources, and flood control.

Need for Increase: Conservation, use and management of watershed lands is a vital part of river basin development. Land resources are so interrelated with water resources that planning for the development of either must include consideration of the other. Other Federal agencies are planning comprehensive programs for the development and conservation of the mainstream resources of the Columbia River and an agricultural development program is needed to complement, support and protect the proposed system of engineering works. The Department of Agriculture, which is responsible for Federal agricultural considerations, proposes, in cooperation with State and other agencies, to develop an agricultural program for the Columbia Basin area. Information would then be available for consideration by the Congress on all aspects of land and water resource development in the area. Such an agricultural plan, prepared by the Department of Agriculture, while needed at this time in any event, would be consistent with the objectives of a Columbia Valley Administration, when established, and would enable the Department to render more effective assistance and service in connection with the planning and would be requisite to the carrying out of a CVA program.

The agricultural program for the conservation, use and management of the basin lands would give consideration to the problems on existing irrigated areas and additional areas where irrigation may be feasible, to drainage in certain parts of the lower reaches and on irrigated areas, to agronomic problems in both irrigated and dry land farming areas and to range management problems over most of the watersheds. The place of farm woodlands would be considered on both farm and ranch land. The recommended use to be made of the land and the determination of practices to be recommended would be based on land use capabilities and range condition classes.

Inventories would be assembled of the location, amounts, and value of forests with existing information being supplemented by field surveys where necessary. A determination would be made of the present and the potential economic contribution of forest lands and associated ranges to the basin's economies. Analyses would be made to determine what is needed to fully protect, develop, improve, rehabilitate and manage the forest land resources with special consideration being given to the problems, conditions and needs of areas of critical watershed value. A general program would be developed setting forth the extent, character, and the timing of action needed to bring these lands and associated range lands to maximum productivity and usefulness.

The economic factors relating to situations in the basin would be considered in the formulation of plans and the economic impacts of the proposed agricultural program would be analyzed.

A program of research and investigations needed to implement and facilitate the effective operation of action programs would be developed by the research agencies of the Department in cooperation with state research agencies. Attention would be given to the needs for crop, soil, livestock, water, timber, range, forest products, insect and disease control, economic and other research. Information developed in the Department on the ability of farmers to carry indebtedness under various instances and on the engineering and financial details of irrigation and drainage projects within the basin would be made available for consideration.

Representatives of the State and Federal extension services would participate in developing the over-all agricultural program for the basin and would plan the corollary intensified educational program essential to the development of a wide-spread understanding of the agricultural program objectives and the ways in which land owners and operators can and should participate in bringing about needed adjustments.

A credit program to help accomplish the physical phases of the agricultural program, such as land leveling, drainage and other conservation and development costs, farm buildings, and water facilities, would be developed. It would consider and be designed to help effectuate application of the over-all agricultural program in the area, would recommend types of credit needed, interest rates to be charged and payment terms that are fair and reasonable and would indicate the credit needs of all farmers, family type farmers, and farmers unable to qualify for credit from regular private lending agencies and institutions. Shifts by farmers from one kind of farming system to another, where recommended, will necessitate additional credit because of necessary outlays for remodeling buildings and farmsteads, additional or different machinery and livestock and, particularly in the initial stages, additional operating capital.

The location of areas of rural people unserved by rural electrification systems would be determined and information would be developed on the problems involved as influenced by sparse populations, lack of adequate power systems, feasibility of providing power for irrigation pumping, the need for integrating existing distribution systems to make more efficient units and other factors bearing on the extension of electric service on an area coverage basis.

Departmental coordination and supervision: The Department's agricultural program for the Columbia Basin area would be developed by a task group composed of representatives of Department agencies working under the general direction of the Field Representative of the Secretary in the area. Representatives of the various agencies will obtain and compile data within their respective fields. The Field Representative would require a small staff of three technicians during the period of the development of the program who would help determine data needed, its arrangement in the report and would supervise and participate in its preparation.

This staff would consist of people who are generally familiar with the various technical aspects of the subject matter to be treated in the report and would assist the Field Representative in weighing the kinds and amounts of data to be included and the program developments and improvements to be recommended.

They would help handle contacts with other agencies and otherwise help to assure the development of a comprehensive and well-balanced program for the development and conservation of the land, water and forest resources in the Columbia Basin area.

Plan of Work: Work undertaken would embrace the watershed survey investigations under the Flood Control Acts so that maximum use would be made of data obtained and so that recommendations would be carefully correlated.

The following table shows the distribution of funds requested for 1951 for Agricultural Program Planning in the Columbia Basin area:

Agency	Amount
Agricultural Research Administration	$13,700
Bureau of Agricultural Economics	22,000
Extension Service	3,000
Farm Credit Administration	2,500
Farmers' Home Administration	7,000
Forest Service	34,300
Production and Marketing Administration	20,000
Rural Electrification Administration	38,000
Soil Conservation Service	39,500
Office of the Secretary (transfer)	20,000
Total	200,000

(2) An increase of $749,240 under the project "Works of improvement". The funds would be used to accelerate installation of measures that retard run-off and water-flow and prevent erosion and so reduce floodwater and sediment damages in the watersheds for which improvement programs were authorized by the Flood Control Act of 1944, as amended. Table I lists the watersheds.

The Department is helping in 1950 to install various improvement measures designed to retard run-off and waterflow and to prevent soil erosion in several subwatersheds within each of the eleven authorized watersheds. Subwatershed work plans have been developed as a basis for these installations and have been similarly prepared for the additional measures to be installed in the fiscal year 1951. These work plans were developed cooperatively with representatives of the local people involved in each case. Forestry measures are planned and installed by the Department on Federal lands and on other than Federal lands in cooperation with State forestry agencies. The watersheds upon which work would be done are listed in Table I, which indicates also the estimated extent of the work to be done during the fiscal years 1950 and 1951 by the Forest Service and the Soil Conservation Service, the two agencies of the Department which handle the works of improvement activities.

TABLE NO. I

Progress in Carrying Out Authorized Watershed Improvement Programs Through Fiscal Year 1949 and Estimated Obligations, Fiscal Years 1950 and 1951, Under the Appropriation FLOOD CONTROL, Department of Agriculture, for Watershed Works of Improvement

Watershed and Total Number of Years to Complete Installation	Total Estimated Federal Cost of Authorized Improvements: Costs Shown in survey reports (as of about 1940)	Total Estimated Federal Cost of Authorized Improvements: On basis of 6-30-49 costs	Estimated Cumulative (Federal) Obligations Thru F.Y. 1949	Estimated Obligations F. Y. 1950: FS	Estimated Obligations F. Y. 1950: SCS	Estimated Obligations F. Y. 1950: Total	Estimated Obligations F. Y. 1951: FS	Estimated Obligations F. Y. 1951: SCS	Estimated Obligations F. Y. 1951: Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Buffalo Creek (NY) (18)	2,581,400	4,517,450	182,527	- -	347,278	347,278	- -	400,000	400,000
Potomac (Pa., Va., Md., W. Va.) (24)	859,000	1,431,000	170,992	72,296	106,538	178,834	6,250	161,650	167,900
Coosa (Ga., Tenn.) (20)	1,233,000	2,157,750	151,199	4,787	98,344	103,131	12,000	175,000	187,000
Little Tallahatchie (Miss.) (20)	4,221,000	6,856,500	286,367	129,176	372,844	502,020	175,000	450,000	625,000
Yazoo (Miss.) (20)	21,700,000	31,024,250	453,185	82,674	463,696	546,370	162,100	700,000	862,100
Little Sioux Iowa, Minn.) (15)	4,280,000	7,490,000	1,753,842	- -	1,683,656	1,683,656	- -	1,000,000	1,000,000
Middle Colorado (Tex.) (20)	2,693,000	4,712,750	298,891	- -	307,914	307,914	- -	425,000	425,000
Trinity (Tex) (15)	32,000,000	55,999,000	2,046,348	7,551	1,977,807	1,985,358	15,000	3,000,000	3,015,000
Washita (Okla., Tex.) (15)	11,243,000	19,675,250	2,479,243	- -	1,025,241	1,025,241	- -	1,100,000	1,100,000
Los Angeles (Calif.) (10)	8,380,000	16,399,250	3,052,303	862,883	487,224	1,350,107	800,000	320,000	1,120,000
Santa Ynez (Calif.) (10)	434,000	1,831,500	151,200	128,806	441,045	569,851	225,000	322,000	547,000
Emergencies 1/	- -	- -	196,159	- -	100,000	100,000	- -	- -	- -
Total	89,624,400	152,094,700	11,222,256	1,288,173	7,411,587	8,699,760	1,395,350	8,053,650	9,449,000

1/ Use of Flood Control funds to safeguard lives and property from floods and products of erosion on watersheds suddenly impaired by fire or other natural force is authorized by Sec. 7 of the Flood Control Act of 1938, as amended.

(3) Increases of $200 in the transfer to "Salaries and expenses, Office of the Secretary of Agriculture" and of $150 in the transfer to "Salaries and expenses, Office of the Solicitor" for flood control work to place on a full-year basis in 1951 pay adjustments under P. L. 429 which were in effect for only a part of the fiscal year 1950.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

Flood control: For expenses necessary, in accordance with the
1 Flood Control Act, approved June 22, 1936 (Public Law 738 [,
Seventy-fourth Congress; 33 U.S.C. 701a]), as amended and sup-
plemented, to make preliminary examinations and surveys, to per-
2 form works of [improvements, $9,500,000] improvement, and to
3 plan the agricultural phases of the development of the Columbia
Basin area in accordance with the provisions of laws relating
to the activities of the Department, including not to exceed
4 [$161,500] $202,000 for personal services in the District of
5 Columbia, [to be immediately available and] to remain available
until expended, $11,700,000, with which shall be merged the
unexpended balances of funds heretofore appropriated or trans-
ferred to the Department for flood-control purposes: Provided,
That no part of such funds shall be used for the purchase of
lands in the Yazoo and Little Tallahatchie watersheds without
specific approval of the county board of supervisors of the
county in which such lands are situated, nor shall any part
of such funds be used for the purchase of lands in the counties
of Adair, Cherokee, and Sequoyah, in the State of Oklahoma,
without the specific approval of the Board of County Commis-
6 sioners of the county in which such lands are situated [: Pro-
vided further, That the Secretary is hereby empowered to sub-
stitute other suitable measures and procedures in the Little
Tallahatchie and Yazoo River watersheds in lieu of acquisition
of land in those watersheds as originally contemplated].

The first change proposes the deletion of the words ", Seventy-fourth Congress; 33 U.S.C. 701a" as reference to the Seventy-fourth Congress is not needed to identify the Act and the code citation refers only to the first section of the basic act and so is an incomplete citation. Not all of the basic act, as amended and supplemented, has been codified. It is, therefore, impossible to include code references to all parts of it.

The second change proposes the deletion of the letter "s" in the word "improvements" to correct a typographical error in the 1950 Agricultural Appropriation Act.

The third change is proposed to provide for use of funds appropriated under this item for developing an agricultural plan for the Columbia Basin area, in accordance with the increase proposed in the estimates.

The fourth change provides for an increase of $40,500 in the limitation on expenditures for personal services in the District of Columbia. This is necessary to provide essential services in the District of Columbia in connection with the work conducted under this item including the proposed increase for flood control work, and to provide for pay adjustments under P. L. 429. No part of the increase in limitation is to be used in connection with the agricultural planning work for the Columbia Basin area.

The fifth change deletes the words "to be immediately available and". These words are unnecessary and there is usually no need for funds prior to the beginning of the new fiscal year. This proposed change would not affect the work.

The sixth change proposes the deletion of the proviso contained in the 1950 Agricultural Appropriation Act which authorizes the Secretary to substitute other suitable measures for land acquisition as originally contemplated in improvement of the Little Tallahatchie and Yazoo watersheds. Since this proviso is now permanent legislation, its retention in the annual appropriation act is no longer necessary. This proposed deletion will not affect, in any manner, the type of work being conducted on these watersheds as contemplated by the Congress when the proviso was inserted in the 1950 Act.

STATUS OF PROGRAM

Objective: To reduce damages caused by floodwaters and sediment to agricultural and other property, particularly in the upstream areas, and to reservoirs on the mainstreams.

Method: By the use of watershed conservation and improvement measures and small supplementary works to impound sediment, help control gullies and stabilize streambanks, and help retard run-off and control its movement into the rivers.

Authorization: Pursuant to the provisions of the Flood Control Act of 1936, as amended and supplemented, the Department of Agriculture is assigned the responsibility for making preliminary examinations and surveys of watersheds authorized for investigation by the Congress, for preparing watershed survey reports recommending improvement programs, and for installing watershed improvement measures included in authorized programs.

Progress with Preliminary Examinations and Surveys

Congress has authorized over 1,000 watershed investigations. Over 1,000 authorizations have been made by the Congress for the Department of Agriculture to make preliminary examinations and surveys of watersheds or portions thereof under the Flood Control Acts. In many instances two or more authorizations apply to all or parts of the same watershed.

The Department has completed preliminary examination reports on 169 watersheds and survey reports on 19. Of the 169 watershed examinations, 139 recommended making surveys and 30 did not. The Department has forwarded to the Congress survey reports on 19 watersheds, of which 12 recommended programs of improvement and 7 did not. The Flood Control Act of December 22, 1944, as amended, approved the programs of improvement set forth in the survey reports on 11 of those watersheds and authorized the installation of the works of improvement involved. The report recommending an Agricultural Program for the Missouri River Basin, including the flood control aspects of such a program, is now pending before the Congress.

Other investigation work has been done. Preliminary examination or survey work was carried on on 62 watersheds in 1949 and is scheduled for 64 watersheds in 1950. Actual work was done on several additional individual watersheds but they were consolidated for report preparation purposes as in the case of various tributaries of the Missouri. A similar approach is contemplated in reporting on certain other watersheds in the future.

By selecting larger watersheds or appropriate groupings of small watersheds for survey, the Department expects to obtain authority to carry on watershed improvement activities more rapidly in those drainage basins where floodwater and sediment damage to agricultural and other property is severe and where the Corps of Engineers has constructed or plans to install complementary works on the main stream channels.

Investigative work and program recommendations are integrated with those of the Corps of Engineers. In the conduct of its work, the Department integrates its preliminary examination and survey work with that of the Corps of Engineers and other Federal, State and local agencies which may have interests in the drainage basins under investigation.

Progress with Watershed Works of Improvement

Control of floods begins on the watershed lands. Actual application of the pattern of approach to reduction of flood and sediment damages and control of floods envisioned under the Flood Control Acts is under way. It consists of a combination of (1) watershed improvement measures installed by local people and the Department of Agriculture and (2) mainstream control works constructed by the Corps of Engineers. Under this approach, the control of floodwaters begins with the Department's work on the higher parts of the watersheds where the run-off starts and continues downstream as the waters accumulate. The improvement measures within the treated subwatersheds (1) increase the capacity of the soil to absorb and temporarily store water, (2) reduce the loss of soil by erosion and the downstream damage to agricultural and other property and reservoirs by sediment, and (3) provide for the retardation and orderly routing of run-off from the land into the minor watercourses and down to the main streams where the Corps of Engineers' control works are constructed. The installation period for individual subwatersheds is customarily planned to cover two to four years.

Watershed improvement work by the Forest Service. On the Little Tallahatchie and Yazoo watersheds:

5,600 acres have been planted with trees,
5,000 log and brush dams have been constructed to prevent erosion in conjunction with tree plantings,
44 miles of road right-of-way have been stabilized with erosion prevention measures,
1,000,000 acres have been covered in fire control planning.

Several subwatersheds have been selected which if untreated would constitute continuing sources of flood and sediment damage to improved lands downstream and which do not include large areas of eroding land that could not be successfully rehabilitated in private ownership. Cooperative agreements have been entered into with local soil conservation districts and, with their aid, programs in a number of these subwatersheds have begun with technical assistance from the Forest Service and Soil Conservation Service. Some 265,000 acres have received general planning for farm forestry. Technical assistance has been provided on 1,360 farms containing 35,000 acres of woods in timber harvesting and management operations related to the improvement of watershed conditions. This is in addition to work on national forest lands by the Forest Service and work in other farming areas by the Soil Conservation Service where public purchase of land has not been recommended.

It now appears probable that the acreage which should be in public ownership to assure needed treatment will be less than originally estimated. Other measures and procedures are being substituted for acquisition of lands where they are suitable but some public purchase of badly eroded land will eventually be necessary.

In the Potomac River watershed, technical assistance in timber management is being provided to private operators in conjunction with the farm forestry programs which the State foresters administer for the purpose of getting better watershed cover conditions following cutting operations. Over 200 timber owners have been furnished technical assistance on 60,000 acres in marking timber for cutting and in the preparation of timber inventories as a basis for improved watershed and timber management. An additional 32 woodland owners, who are following improved forestry practices, were advised on timber-stand improvement cuts, on avoiding premature harvests, on tree planting and on protection from fire and grazing. Cooperative installation of fire control improvements to flood control standards is continuing in West Virginia.

Improvement work in the mountain portion of the Los Angeles River watershed has been concentrated largely in the Arroyo Seco except that fire control is being developed throughout the watershed to flood control standards. Advances in fire control techniques made in the past decade have been utilized. The substitution of helicopter transportation for ground transportation in fire suppression and faster and more effective communication by radio have eliminated the need for about three-quarters of the mountain fire control roads considered essential 10 years ago and have considerably reduced the expected earth disturbance and creation of erosion potential which would have resulted from road construction previously considered essential. Measures installed include:

4 fire crew stations
9.6 miles of mountain fire roads
13 miles of trails
7 miles of fire breaks
9.3 miles of telephone lines
32 water storage tanks, 5,000 gallon capacity each

Necessary equipment including water pumps, fire tanker trucks, radios, light plants and tools have been provided. The basic fire control development plans for the watershed are essentially complete but will be subject to modification of detail until the installation job is completed.

Detailed analysis of all basic factors relating to channel stabilization in the Arroyo Seco subwatershed have been made, numerous sites for structures have been explored, cost estimates have been prepared and work priorities established. Less detailed investigations have been carried out in four other major subwatersheds and sites suitable for key structures have been located.

A large barrier has been installed in the main channel of the Arroyo Seco, 55 small structures have been installed in side drainages and 239,000 square yards of plantings have been made. These measures will control some 989,000 cubic yards of unconsolidated material now in the channels and in addition will prevent further degradation of the tributary channels and will stabilize adjacent side slopes. Channel control work in this subwatershed is expected to continue two or three more years and will start in other subwatersheds in 1950. Experience in the Arroyo Seco indicates that a considerable amount of surveying and designing is essential to evolve the most effective combination of measures for channel control work in steep mountain channels.

A large number of plantings of varying sizes and totaling some 8,100 square yards have been made on channel banks, barren slopes, and old, barren road slopes. Individual plantings have been small and contained usually experimental variations. This work has been partially successful. It encounters perhaps the most difficult technical problems to be solved due to variations in elevations, soils, moisture, seasons, etc. Native and exotic species are being used. Technical assistance is being obtained from the California Institute of Technology as well as from the Forest Service research organization. Some 1,500 acres of burned areas have been sown successfully with black mustard to obtain temporary cover. Surveys locating areas where cover improvement might be done are well ahead of the installation program.

Eleven miles of mountain truck trails have been improved to control erosion by slope stabilization and better drainage. About 108 miles additional require some work of this kind. Detailed plans for the major erosion control job on the Angeles Crest Highway are completed. Work is to start in the fiscal year 1950. Thirteen critical areas on the mountain highway make up the major part of the job. The cost of the work is to be shared equally by the Federal Government and the State of California.

The fire control program on the Los Padres National Forest within the Santa Ynez watershed has been replanned and work will begin in 1950 on installation of the measures provided for there and on other watersheds under the flood control program.

Watershed Improvement Work by the Soil Conservation Service. The Soil Conservation Service has assisted local soil conservation and other districts in the preparation of work plans and in the installation of measures for run-off and waterflow retardation and erosion prevention for 489 subwatersheds, averaging about 10,900 acres each, within the 11 authorized watersheds. The cost of installation of the remedial measures is estimated to be borne approximately 50 percent by local interests and 50 percent by the Federal Government.

Work plans are prepared for entire subwatersheds, without regard to individual property lines, as the first step in initiation of operations work. The entire area of each subwatershed is considered as a unit in determining the amounts and source of run-off and soil

erosion, the extent and location of damage caused by floodwaters and sediment, and the kinds, amounts and location of the different remedial measures.

The concerned landowners and operators participate in the planning and location of the various measures. They contribute their knowledge of local conditions to the planning effort, become familiar with their share of the job and plan for coordination of their efforts so that installation of measures can move forward smoothly.

Although the measures installed in the subwatersheds of the 11 authorized watersheds differ somewhat in kind and design to suit the needs of each particular area, the objective and general arrangements for carrying out the work are similar.

Watershed treatment work in the 3,860 acre Howard Creek subwatershed of the Trinity River watershed near Jacksboro, Texas, is typical of much of the work done in the 11 authorized watersheds. This subwatershed was chosen for early flood control operations within the Trinity River watershed because of the local interest in preventing soil erosion and in reducing damages from frequent flooding of the good bottom lands within the subwatershed. Due to the progress that had been made by the landowners cooperating with the West Fork Soil Conservation District, a high percent of the land in the watershed was already under conservation treatment, an important prerequisite to insure long life of the additional measures needed for waterflow retardation.

Prior to the authorization for Federal participation in watershed flood prevention work, farmers along Howard Creek attempted to alleviate the flood damages by diverting the run-off waters and enlarging the main channel. These measures were inadequate, generally, for handling the high rate of run-off common to the area.

The subwatershed improvement plan developed cooperatively by the Soil Conservation Service and the local people included the installation of terraces with protected outlets on many cultivated fields, contour farming, cover crops, improved grazing practices, seeding of abandoned cropland to pasture grasses, eradication of brush and establishment of dense grass cover on brush infested ranges, construction of several diversion ditches and farm ponds, a small upstream floodwater retarding reservoir on the main stem of Howard Creek and several earthen silt basins to protect the reservoir and bottom lands from deposition of sediment.

Under the arrangement mutually agreed upon, the farmers worked together in neighborhood groups and received technical and other assistance from the Soil Conservation Service, through the soil conservation district, in the planning and application of erosion prevention and floodwater retarding measures on their lands. The County made heavy equipment available for construction of conservation measures and the Board of Supervisors of the Upper West Fork Soil Conservation

District, as well as other community leaders, were especially active in getting conservation treatment adopted and applied on the land. The Jacksboro Chamber of Commerce was also active in supporting the program.

The temporary storage in the reservoir of flood run-off will reduce by approximately 75 percent the damage to lands, crops, fences, and livestock on the 240 acres of bottomlands within the subwatershed that have been flooded annually. In addition, less frequent flooding will permit more intensive use of these bottomlands such as by conversion from pasture to clean tilled crops of corresponding higher value.

The 108 acres of range land required for the dam site and reservoir area was furnished voluntarily by the owners. The dam was constructed under contract by the Soil Conservation Service. Responsibility for maintenance of the structures has been assumed by the Upper West Fork Soil Conservation District and a group of ten downstream farmers receiving the major benefit from them. Under this plan, the structures will be examined after each storm, and any needed maintenance will be done by this group through pooling of its resources.

On June 24, 1949, six months after the reservoir was completed, two inches of rain fell in one hour on the lands above the reservoir. The run-off from this rain, which before treatment would have flooded 185 acres of cropland and 55 acres of pasture along this branch of Howard Creek, was retarded in the reservoir so that the peak flow in the creek was only 25 percent of the channel capacity.

Analysis of the average annual benefits to be expected from the reduction in flood damages and enhancement in use of the lands shows a substantial margin over the annual cost of installation and maintenance.

A summary of the principal watershed works of improvement planned and installed primarily for reduction of floodwater and sediment damages in the 489 subwatersheds with assistance from the Soil Conservation Service under this appropriation, as of June 30, 1949 follows:

Measure	Planned	Completed
1. Upstream floodwater retarding structures	410 for detention of 227,385 acre-feet	25 for detention of 4,716 acre-feet
2. Debris basins	1,614	585
3. Revegetation (critical slopes and silt source areas where vegetative cover provides watershed protection)		
a. Grasses and legumes	367,735 acres	96,829 acres
b. Woody plantings	45,256 acres	5,323 acres
4. Waterway and channel improvement	1,266 miles	150 miles
5. Diversions	288.9 miles	24.6 miles
6. Gully control	15,901 acres	790 acres
7. Roadside erosion control	1,146 miles	161 miles
8. Watercourse stabilizing and sediment control structures	1,328	347

Emergency Projects. Projects for emergency treatment of the Ventura River and Santa Ana River watersheds in California following fires, to quickly reestablish temporary cover and otherwise protect property, were undertaken in 1949 at a total cost of $74,673. Projects for emergency protection of agricultural lands and other property from frequent flooding were undertaken early this fiscal year at an estimated cost of $100,000, following an intense rain which resulted in impairment of the watershed lands of the North River tributary of the Shenandoah River and South Branch of the Potomac River within the Potomac watershed.

SOIL CONSERVATION SERVICE

Purpose Statement

The Soil Conservation Service was established by the Act of April 27, 1935 (16 U.S.C. 590a-590f) as the technical agency of the Department to aid in bringing about physical adjustments in land use that will conserve soil and water resources, establish a permanent and balanced agriculture, and reduce the hazards of floods and sedimentation. The Service carries on the following activities:

1. Makes research studies to determine the character, causes and extent of soil erosion and water loss under varying conditions and to develop, adapt, and improve conservation practices which will adequately protect the land and water resources of the Nation. This work is conducted in cooperation with State Agricultural Experiment Stations, and is closely correlated with the research programs of the agencies in the Agricultural Research Administration.

2. Provides technical and other assistance to locally-organized and locally-controlled conservation districts in the 48 States and the Territorial Possessions in developing conservation farm plans and applying planned practices. This assistance includes (a) making conservation surveys to determine the use-capabilities and needs of each acre of farm and ranch land, (b) technical assistance in developing and applying conservation farm plans which allow for the best possible use by the farmer or rancher of his land, labor, equipment, and financial resources, (c) loan of some special types of equipment not readily available to the farmer but needed to establish certain conservation practices, (d) grant of limited quantities of trees, new or improved strains of grass and legume seed, and other conservation plant materials, and (e) streamflow forecasts in the Western States (based on snow surveys) to provide for efficient seasonal utilization of water available for irrigation.

   As of June 30, 1949, 2,164 conservation districts which covered 78 percent of the total farms of the Nation, had been organized and were receiving assistance from the Service.

3. Makes preliminary examinations and surveys under authority of the Flood Control Act of 1936 (33 U.S.C. 701a), and by delegation from the Secretary of Agriculture. Where surveys show the necessity and feasibility and the work is specifically authorized by the Congress, watershed improvement measures are installed to retard runoff and reduce flood water and sediment damage.

Watershed improvement measures which affect farm and ranch lands are the assigned responsibility of the Service. These are being installed in eleven authorized watersheds in cooperation with local soil conservation, flood control and other districts.

4. Under the authority of Title III of the Bankhead-Jones Farm Tenant Act (7U.S.C. 1011-1012), carries on a development and management program on 74 land utilization projects which cover areas of submarginal land that were acquired by the Department. Revegetation and other development work is being done on these lands in accordance with their use-capability and needs, in order to prevent further damage, achieve proper land use and improve the agricultural economy of the communities affected. After development, the lands and facilities are made available for rental to local farmers and ranchers at equitable rates under specific use conditions. Of the revenue received from use of the land, 75 percent is returned to the Federal Treasury and 25 percent is paid to the counties in which the lands are located, to be used for school and road purposes. The Service is also responsible for settlement of boundary-dispute claims on the Sebastian Martin Grant Lands in New Mexico (Act of August 11, 1945 (7 U.S.C. 1011 note)).

5. Under the authority of the Acts of May 10, 1939 (53 Stat. 685, 719), October 14, 1940 (U.S.C. 590y-z-10), as amended and supplemented, and June 28, 1949 (Public Law 132) develops irrigated and irrigable land (both Government and privately owned) for efficient use of irrigation water. The Service also provides settlement opportunities for farm families through the sale of developed farm units and assists settlers within the authorized water conservation project areas with their soil and water conservation and land-use problems. The work is conducted in 10 separate project areas in 9 Western States.

The Soil Conservation Service maintains its central office in the District of Columbia, with the majority of its activities highly decentralized to seven regional offices, 48 State and 3 Territorial offices, 92 research locations, 27 nurseries, 10 water conservation projects and approximately 3,000 work unit offices which carry on the technical program and provide assistance for conservation districts, land utilization projects and flood control watershed areas.

As of November 30, 1 49, the Soil Conservation Service had 11,698 full-time employees, 219 of whom are in Washington and the balance in the field, and 2,256 part-time employees which are generally employed in the field during peak periods of application of conservation practices.

Appropriated Funds	Estimated, 1950	Budget Estimate, 1951
Soil Conservation Research	$1,428,600	$1,443,500
Soil Conservation Operations	51,620,300	52,047,000
Land Utilization and Retirement of Submarginal Land	1,255,100	1,893,100
Water Conservation and Utilization Projects	a/ 678,011	969,900
Total	54,982,011	56,353,500

a/ Available from prior year balances.

Summary of Appropriations, 1950 and Estimates 1951

(Amounts Shown Include Estimated Pay Adjustment Supplementals)

Item	Total estimated available, 1950 a/	Budget estimates, 1951	Increase (+) or decrease (-)
Salaries and expenses:			
Soil conservation research	$1,428,600	$1,443,500	+ $14,900
Soil conservation operations	51,620,300	52,047,000	+ 426,700
Total, salaries and expenses .	53,048,900	53,490,500	+ 441,600
Land Utilization and retirement of submarginal land (Title III, Farm Tenant Act)	1,255,100	1,893,100	+ 638,000
Payments due counties and refunds, submarginal land program (Farm Tenant Act)	247,500	243,500	-4,000
Water conservation and utilization projects	b/	969,900	+ 969,900 c/
Total	54,551,500	56,597,000	+2,045,500
Deduct permanent appropriation: Payments due counties and refunds, submarginal land program	247,500	243,500	-4,000
Total, direct annual appropriation	54,304,000	56,353,500	+2,049,500

a/ Adjusted for comparability with the appropriation structure proposed in the 1951 Budget Estimates.

b/ Financed from prior year balances of $678,011.

c/ Appropriation increase of $969,900 but represents an increase of only $291,889 in obligations.

(a) Soil Conservation Research

Appropriation Act, 1950	$1,400,000
Anticipated pay adjustment supplemental	28,600
Base for 1951	1,428,600
Budget Estimate, 1951	1,443,500
Increase (To place on a full year basis in 1951, pay adjustments under P.L. 429 which were in effect for only a part of fiscal year 1950)	+14,900

PROJECT STATEMENT
(Amounts Shown Include Pay Adjustment Costs)

Project	1949	1950 (estimated)	P.L. 429 adjustment	1951 (estimated)
1. Erosion control investigations	$854,515	$720,700	+$7,500	$728,200
2. Drainage and water control investigations in humid areas	453,026	443,900	+4,900	448,800
3. Irrigation and water conservation investigations in western areas	286,982	234,100	+2,200	236,300
4. Water regulation investigations to conserve the soil and reduce fire hazards in the Everglades region of Florida ..	34,557	29,900	+300	30,200
Total pay adjustment costs, Public Law 429	--	[28,600]	[+14,900]	[43,500]
Unobligated balance ...	24,409	--	--	--
Total available	1,653,489	1,428,600	+14,900	1,443,500
Transfer in 1950 estimates from "Printing and binding, Department of Agriculture"	-989	--		
Anticipated pay adjustment supplemental		-28,600		
Total appropriation or estimate	1,652,500	1,400,000		

SOIL CONSERVATION RESEARCH

Alternate Project Statement

Project	1949	1950 Estimated	Increase (+) or Decrease (-)	1951 Estimated	1951 RMA Section 10(b)	Grand Total
1. Erosion control investigations	$854.515	$720,700	$ + 7,500	$728,200	$57,500	$785,700
2. Drainage and Water Control investigations in humid areas	453,026	443,900	+ 4,900	448,800	--	448,800
3. Irrigation and water conservation investigations in western areas	286,982	234,100	+ 2,200	236,300	41,100	277,400
4. Water regulation investigations to conserve the soil and reduce fire hazards in the Everglades region of Florida	34,557	29,900	+ 300	30,200	--	30,200
5. Pay adjustment costs		[28,600]	[+14,900]	[43,500]	[2,600]	[46,100]
Unobligated balance	24,409					
Total available	1,653,489	1,428,600	+14,900	1,443,500	98,600	1,542,100
Transfer in 1950 estimates from "Printing and binding, Department of Agriculture"	-989	--				
Anticipated pay adjustment supplemental	--	-28,600				
Total appropriation or estimate	1,652,500	1,400,000				

RMA Projects

Financial Project	RMA Project No.	Project Title	1949	1950 (estimated)	Adjustments for 1951 P. L. 429	1951 (estimated)
		Section 10(b) Research other than utilization:				
1	19	Research on the mechanics of wind erosion	$30,900	$31,600	$ + 300	$31,900
3	20	Relieving the pressure on farm irrigation supplies by development of underground aquifers ..	31,183	31,750	+ 250	32,000
1	74	Erosion control and stable crop production in Puerto Rico	25,395	25,400	+ 200	25,600
3	324	Irrigation and soil management studies including drainage, salinity, and fertilization ...	- -	9,050	+ 50	9,100
		Total, Section 10(b)	87,478	97,800	+ 800	98,600
		Total, RMA	87,478	97,800	+ 800	98,600

STATUS OF PROGRAM

Current Activities:

Need for Continuous Research Program

Studies are being made to determine the character, causes, effects and extent of soil and water loss under varying conditions and to develop, adapt and improve conservation farming practices and methods which will adequately protect the land and water resources of the nation. The objective of the Soil Conservation Service program of assisting farmers and ranchers to plan and apply conservation is to treat each acre according to its individual needs and use the land in accordance with its capabilities. Newly organized conservation districts which add work areas and problems; new soil, water, and land-use problems which arise in normal field operations; and the continually changing needs of agriculture require the constant efforts of an adequate research staff if sound and permanent conservation is to be achieved.

Steps in Developing Conservation Practices

Development and improvement of soil and water conservation practices is accomplished by:

1. Laboratory and plot work to develop basic information
2. Experiment Station field scale trials of practices
3. Adaptation and testing of practices for application over extensive areas

The last step is carried out in close cooperation with the "operations" staff which is working on the planning and application of conservation practices on the land. Successful practices developed are incorporated into the regular soil and water conservation programs of the Service.

Work is Cooperative

The research program is conducted in cooperation with the State Agricultural Experiment Stations, and is correlated with the program of the Agricultural Research Administration in order to avoid duplication of effort on related conservation problems. The State agencies, in most cases, furnish land, laboratories, office facilities, and technical collaboration as part of their cooperation.

General Field of Research Activity

The three general fields of soil and water conservation research being conducted are outlined below:

1. Erosion Control. Includes:

   a. Development of vegetative and mechanical means of controlling erosion and conserving soil moisture.
   b. Studies of soil deterioration by erosion and other causes, and development of protective treatments.
   c. Development of improved soil tillage techniques and cropping systems.
   d. Development of specialized protective measures for areas that are too steep for ordinary farming methods.
   e. Study of erosion-resisting characteristics of crop plants.
   f. Studies of the effects of crops, cropping systems, climate, and wind upon soil and water loss, and development of control measures.
   g. Investigations to determine the effects of conservation farming upon the farmers' income and living standards.

2. Drainage and Water Control. Includes:

   a. Investigations to develop, test, and improve methods, materials, devices and equipment for drainage of agricultural lands.
   b. Studies to determine the relation of water runoff, soil erosion and flood flow to physiographic and climatological conditions of the drainage area and to land-use and farming practices.
   c. Development of safe hydraulic designs for water-control structures.
   d. Studies to devise means for controlling sedimentation in reservoirs and on valley lands.
   e. Development of water management facilities to control soil subsidence.

3. Irrigation and Water Conservation. Includes:

   a. Development of engineering principles and methods of controlling, developing, storing, and conserving irrigation water supplies.
   b. Development of means of preventing erosion, siltation, and accumulation of alkali on irrigated lands.
   c. Development and improvement of farm irrigation systems and structures.
   d. Development of drainage systems for irrigated land.
   e. Development of efficient water utilization practices.
   f. Snow survey investigations and analyses to enable forecasting of irrigation water supplies.

Selected Examples of Recent Progress:

1. Erosion Control Investigations

Effect of Contour Farming on Soil and Water Losses

Experiments conducted on contour farming plots in Illinois during the 1948 calendar year, showed that contouring was unusually effective in conserving soil and water. Soybeans continued to provide more effective protection to the soil against erosion than corn on both contoured and non-contoured plots. Soil and water losses are shown in the following table:

Item	Corn		Soybeans	
	Up and Down	Contour	Up and Down	Contour
Soil loss, lbs per acre	10,457	2,393	6,451	1,081
Water loss, inches	3.94	1.94	3.56	0.88

New Method of Tobacco Layout Boosts Yields

The String Method of Tobacco row layout on terraced land, developed at the Raleigh, N. C. Project, is paying real dividends in actual field use by preventing erosion, properly distributing water and preventing drowning of plants in low areas. This system provides a moderate continuous grade along the entire length of the row until it reaches the terrace outlet, thereby permitting each crop row between terraces to act as a minature terrace. Tobacco farmers in Virginia have reported an increase of 500 pounds of tobacco per acre and an increased income of $175 per acre by virtue of the improved water disposal system resulting from this new type of layout.

Use of Chemical Sprays in Erosion Control

Investigations to determine the place that the new and highly efficient plant killing preparations may have in bringing about more efficient and new methods of erosion control and moisture conservation are being made at a number of research projects. The highly selective nature of these chemical sprays makes it possible to kill weeds in meadow or pasture, to prevent weed growth on fallow lands and to check or stop growth of cover crops in the space between row crops, thus eliminating competition for moisture without tilling the soil or destroying the highly effective canopy protection afforded by these close growing plants even when killed in place.

Corn-Kudzu Combination Promising Crop for Dairy Farmers

Results of experiments, on a 30-acre kudzu field at Raleigh, N. C., indicate that corn-kudzu in a strip-cropping system is an excellent practice for southern dairy farmers. No difficulty was experienced in cultivating the corn which was planted on each third strip in the field and the kudzu easily reestablished itself after the last cultivation. A good yield of the corn-kudzu combination was harvested for silage in August, thus permitting grazing of the intermediate strips of kudzu during late summer and early fall. Experiments in Georgia with the same crops show that kudzu will reestablish itself even after three years of cropping to grain, thereby providing high forage production and good ground cover for erosion prevention.

Soil Protection and Improvement from Self-Seeding Legumes

Studies carried on in Auburn, Alabama indicate that good soil cover, large yields of mature crop residue and green manure, and an increased nitrogen supply is resulting from self-seeding stands of caley peas and grandiflora vetch. Seed was allowed to mature on the land in 1945 and volunteer stands of both legumes were good in succeeding years in which grain sorghum and corn were harvested from the area. The three year average of green manure produced was 16,000 pounds per acre for caley peas and 13,000 pounds per acre for vetch. The yield of grain sorghum following these legumes after the seed matured was 45 bushels per acre and corn yields in the next two years 60 and 50 bushels per acre. Seed was allowed to mature on the legumes again in 1948 and volunteer stands are again growing on the area.

Equally good results have been obtained from studies at Lincoln, Nebraska where excellent volunteer stands of annual and biennial sweetclover and partridge peas have been obtained in oats, after the land had been in corn a year following the legume.

Controlling Erosion on Irrigated Land

A study of sprinkler irrigation methods, being used by over 300 growers in Yakima Valley (Washington) orchards, shows the following erosion control and soil improvement advantages over other irrigation systems in addition to the conservation of water:

1. Less erosion in contrast to rill irrigation
2. Permits increased use of continuous cover-cropping for soil improvement
3. Provides a quick method of applying fertilizer
4. Permits mowing or rolling down of cover crops to decrease soil puddling, soil erosion, and water evaporation
5. Allows a low rate of water application of 1/3 inch per hour which is less than the infiltration rate and assists in prevention of soil puddling
6. Rate of application of water can be increased as desired when a growing cover crop residue, or mulch is on the soil

Terraces Conserve Water Essential to Crop Needs

Research conducted at Spur, Texas shows that the practice of using closed level terraces on land having a 1.5 percent slope has eliminated soil loss and has increased the income from cotton on the average of $11.28 per acre annually over land on which the practice has been to cultivate up and down the slope. The increase in 1948 alone, when the terraces held 3.86 inches of rain that fell in June, was $29.00 per acre.

2. Drainage and Water Control Investigations in Humid Areas

Improved Drainage Method Developed

The cost of grading sugar cane fields to improve drainage has been reduced from about $30 to $9 per acre as a result of research work conducted at Baton Rouge, Louisiana. The increase in crop yield resulting from the improved drainage is valued at $50 per acre for "plant" cane and $25 for first stubble cane. The cuts are graded or crowned, so that the land slopes toward the lateral ditches on each side. The crowned areas are easier to cultivate and harvest and can be worked after heavy rains when the ungraded areas are still too wet to work.

Conservation Practices for Water Control

Hydrologic data collected from small natural watersheds (1 to 4 acres) show that conservation practices are effective in conserving water. At Lafayette, Indiana, soybean fields, planted and cultivated in accordance with prevailing farm practices, produced three times the amount of surface runoff as did those where conservation practices were applied. At Coshocton, Ohio, contour tillage of corn reduced runoff 60 percent and where mulch culture was used the reduction was 98 percent. Data collected from 150 to 300 acre watersheds at Waco, Texas show that conservation practices have reduced peak rates of runoff approximately 0.5 of an inch and have increased cotton yields 19 tp 43 percent and corn yields 25 to 31 percent.

Publication of Results of Hydrologic Studies

Development of procedures for the anlaysis of hydrologic data has progressed rapidly during the past year. A simplified method of making probability studies was completed and included in a Service technical publication. Frequency studies of hydrologic data collected from eight Conservation Experiment Stations were incorporated in a Department Technical Bulletin entitled "Normalcy Tests of Precipitation and Frequency Studies of Runoff from Small Watersheds". Publications were completed during the year giving recommended peak rates of runoff to be used in the design of conservation structures, for the Central Great Plains of Nebraska and Kansas and the Upper Mississippi Valley Upland Loessial Areas.

Sedimentation Studies

Three new projects (Yazoo River Basin, Miss., Missouri River Basin, Nebr., and St. Anthony Falls Hydraulic Laboratory, Minn.) were set up during the past year to obtain much of the needed information on sedimentation problems. The Service also continued cooperation with the Illinois Water Survey Division and the Illinois Agricultural Experiment Station in a program of reservoir sedimentation surveys to evaluate the effects of soils, land use, climatic conditions, watershed characteristics, and other factors on reservoir sedimentation. A report on the Spring Lake sedimentation survey at Macomb, Illinois, shows that in 20 years this reservoir has lost 47 percent of its original capacity by silting and the city of Macomb will be faced with an inadequate water supply in the event of a sustained drouth. Had conservation practices been installed on this watershed ten years ago, the life of the reservoir would have been extended considerably and the impending water shortage averted.

Supplemental Irrigation in Humid Areas

Supplemental irrigation studies in some of the humid areas of the East have indicated profitable production from application of additional water at drouthy seasons of the year. At Watkinsville, Georgia, pasture vegetation increased 48 percent and permitted the carrying of twice as many animals as on unirrigated pastures. This type of irrigation also increased corn yields 33 percent, squash 12 percent, lima beans 56 percent, cucumbers 58 percent, okra 60 percent, and green peppers 120 percent.

3. Irrigation and Water Conservation Investigations in Western Areas

Increasing Efficiency of Water Use in California

Rainfall and irrigation water penetration studies were completed and a progress report was prepared for the Chino Basin in California, the largest and most important of 10 ground-water basins that make up the Santa Ana River Valley. This report included information on transpiration of the most important irrigated crops and on the fall soil moisture deficiency, rainfall penetration, and deep penetration of irrigation water in the area. Data on consumptive use of water along the valley floor of the Santa Ana River shows a water loss of 18,000 acre-feet per year of which approximately one-half is believed to be recoverable for beneficial use. Since the water supply here is extremely limited, finding means by which available water can be most efficiently used for irrigation is of prime importance to farmers in this area.

Alfalfa Irrigation in the Western States

Studies of improved water economy are being continued in Arizona, Utah, and other locations in the Western States. Conclusions reached in the Antelope Valley in California have resulted in the determination that 50 percent of the available moisture should be depleted from the first two feet of soil profile before alfalfa fields are irrigated in order to most efficiently use the irrigation water. Increased production of alfalfa can be expected with larger applications of water up to a maximum of 7 acre-feet per annum per acre. Results of one test show an pplication of 4 acre-feet of water producing a yield of 1.5 tons of alfalfa per acre-foot of water whereas an application of 9 acre-feet of water produced only 0.6 tons of alfalfa per acre-foot of water used.

Seepage Losses in Irrigation Canals

Control of seepage losses in irrigation canals constitutes a serious problem in all irrigated areas and particularly in those areas where the total water supply is limited. Field tests, which were initiated last year in cooperation with irrigation interests and manufacturers of canal lining materials, are being continued. All of the wide variety of lining materials have been placed in the test sections in the Richmond High Creek Canal in Utah and studies of the amounts of seepage from each type of material are being made. Information is needed on the character of seepage losses and an evaluation of water losses to determine whether the cost of specific types of lining would be justified.

A manuscript entitled "Earth Linings for Irrigation Canals and Reservoirs" was prepared for publication in the Soil Science Society of America Proceedings.

Snow Survey Research

The increasing demand for forecasts of water supplies by farmers, irrigation companies, banks, railroads, municipalities, State and Federal agencies, manufacturers, hydro-electric power plants and many other organizations indicates urgent need for more snow surveys, surveys at more frequent intervals than are now being made, and additional time on correlation and analysis of existing records. In an attempt to speed up the measurement of the snow courses, a third experimental snowmobile is about 90 percent complete. Principles of design for a power driven over-snow vehicle, which have been secured from field investigations of compaction and traction in soft deep snow, are being used in the construction of this new machine. At the present time, foot travel on snow shoes or skis is the only means of access to some of the rugged area which must be covered.

Effects of Cultivation and Irrigation on Virgin Desert Soil

In cooperation with the Imperial Irrigation District in California, research is being conducted on soil and water table phases of developing land for irrigation. 560 acres of desert land on the East Mesa experimental farm has been leveled and a series of soil sampling sites has been established. At these sites 20-foot holes are bored and samples are taken of each foot of the virgin desert soil. Subsequent sampling under various cropping practices will ascertain the changes which are brought about in this type of soil, through cultivation and irrigation.

4. Water Regulation Investigations to Conserve the Soil and Reduce Fire Hazards in the Everglades Region of Florida

Reduced Irrigation Costs in Everglades Area

Application of the results of water control studies on the Rockland soils of Florida are showing decreased costs of irrigation and a reduction in the losses of fertilizers by leaching. After a period of no rainfall, virgin Rockland soils will absorb about one-half inch of water before the ground-water table is affected while scarified areas will absorb from 3/4 to 1 inch of water. Field tests in a citrus grove, using an application of 1 inch of water and 2 inches of water respectively in two adjacent areas, have shown an equal amount of soil moisture three days after irrigating. The area receiving the 2 inch irrigation lost one-third of the nitrate nitrogen available in the soil, while little or no leaching occurred on the 1 inch irrigated area. Prior to these research findings, the general practice had been a consistent 2 inch application of water at each irrigation which resulted in a much higher cost of irrigation and an enormous loss of essential plant nutrients.

Non-Federal Contributions

It is required that expenditures under this project "be limited to a sum not in excess of funds made available for such work by the State of Florida, or a political sub-division thereof". The following is a statement of the actual and anticipated contributions of such agencies compared with actual and proposed Federal obligations under this project:

Agency	1949 Actual	1950 Estimate	1951 Estimate
Dade County Water Conservation Project	$299,020	$300,000	$300,000
Dade County Fire Control Unit.....	50,008	50,000	50,000
Everglades Fire Control District.....	73,726	75,000	75,000
Everglades Experiment Station	18,000	18,000	18,000
Everglades Drainage District	59,662	57,000	57,000
Total Expenditures by State Agencies	500,416	500,000	500,000
Total Federal Obligations	34,537	29,400	29,400

(b) Soil Conservation Operations

Appropriation Act, 1950	$50,773,800
Anticipated pay adjustment supplemental	1,051,500
Activities transferred in 1951 estimates to "Salaries and expenses, Plant Industry, Soils and Agricultural Engineering, Agricultural Research Administration", soils, fertilizers and irrigation (for correlation of soil types and inspection of soil surveys)	-205,000
Base for 1951	51,620,300
Budget Estimate, 1951	52,047,000
Increase	+426,700

SUMMARY OF INCREASES AND DECREASES, 1951

To place on a full year basis in 1951, pay adjustments which were in effect for only a part of fiscal year 1950	+504,200
Decrease due to elimination of surcharge by General Services Administration for indirect and overhead procurement costs	-77,500

PROJECT STATEMENT
(Amounts Shown Include Pay Adjustment Costs)

Project	1949	1950 (estimated)	Increase or decrease		1951 (estimated)
			P.L. 429 adjustment	Other	
1. Soil and water conservation operations in conservation districts and in cooperation with other Federal and State Agencies ...	$45,067,641	$49,956,700	+$491,600	-$77,500(1)	$50,370,800
2. Operation of conservation nurseries for the furnishing of plants for use in soil and water conservation operations	1,517,146	1,663,600	+12,600		1,676,200

(Continued on next page)

Project	1949	1950 (estimated)	Increase or decrease		1951 (estimated)
			P.L. 429 adjustment	Other	
Total pay adjustment costs, Public Laws 359 and 429	- -	[1,050,600]	[504,200]		[1,552,200]
Unobligated balance	144,468				
Total available	46,729,255	51,620,300	(2)+504,200	-77,500	52,047,000
Transferred to "Salaries and expenses, Office of Information, Department of Agriculture" ..	+2,614				
Transferred from: "Supply and distribution of farm labor, Department of Agriculture" .	-2,119,000				
"Salaries and expenses, Agricultural Adjustment Administration"	-85,192				
Transfer in 1950 estimates from "Printing and binding, Department of Agriculture"	-58,137				
Transfer in 1950 estimates to "Salaries and expenses, plant industry, soils and agricultural engineering, Agricultural Research Administration", soils, fertilizers, and irrigation	+200,700	+205,000			
Anticipated pay adjustment supplemental ..	- -	-1,051,500			
Total appropriation or estimate	44,670,240	50,773,800			

INCREASE AND DECREASE

The net increase of $426,700 in this item for 1951 is composed of the following:

(1) Decrease of $77,500 under project 1 due to elimination of surcharge by General Services Administration for indirect and overhead procurement costs. The 1951 Budget estimates make provision for a direct appropriation to the General Services Administration in lieu of the present surcharge which is added to the cost of supplies issued for indirect costs.

(2) Increase of $504,200 to place on a full-year basis in 1951 pay adjustments which were in effect for only a part of the fiscal year 1950.

STATUS OF PROGRAM

Current Activities:

The Soil Conservation Service carries out a program of planning and establishing soil and water conservation measures on the land cooperatively with soil conservation districts. These conservation districts are local units of Government organized under State laws and responsible to the land-owners and operators in the districts and to the State legislatures. They are founded upon the sound principle of local initiative, direction and control and are formed only in response to the petition and favorable referendum vote of the land owners and operators who are carrying on agricultural operations within the proposed district boundaries. Conservation districts have been organized in all 48 States, Hawaii, Alaska, Puerto Rico, and the Virgin Islands.

The following types of assistance are being furnished to conservation districts in carrying out locally-adapted programs of soil and water conservation:

1. The services of soil scientists who make the necessary physical inventories of the land to secure data (soil type, degree of slope, character and extent of erosion, present land use, etc.) needed to determine the use capabilities and conservation needs of each acre of land.

2. The services of soil conservationists, engineers, and other agricultural specialists and aides who help farmers and ranchers develop and apply individual conservation farm or ranch plans. (Soil and water conservation practices included in such conservation plans allow for the best possible use of the farmer's land, labor, equipment, and financial ability to do conservation farming on his land.)

3. The use of special equipment needed to facilitate establishment of conservation practices but which is of a kind that is beyond the purchase ability of an individual operator or for other reasons not readily available to the farmers and ranchers within the conservation district.

4. The grant of limited quantitites of trees, new or improved strains of grass seed, and other plant materials which serve to control erosion and also have economic value.

5. In the Western States, streamflow forecasts -- developed from snow surveys -- which serve as a basis for efficient seasonal utilization of water available for irrigation and other purposes.

In cooperation with other Federal and State agencies, limited assistance is also given to farmers and ranchers outside conservation districts. This assistance develops a better understanding locally of erosion and land-use problems and encourages more widestread adoption of conservation farming methods.

Selected Examples of Recent Progress:

1. Soil and Water Conservation in Conservation Districts and in Cooperation with other Federal and State Agencies

Rate of Organization of Conservation Districts

During the past fiscal year local farmers and ranchers organized 131 additional conservation districts, with an area of 65,000,000 acres. The 48 States and the Territorial Possessions all of which have enacted soil conservation districts legislation, as of June 30, 1949, had organized a total of 2,164 conservation districts, comprising well over a billion acres. It is anticipated that 150 additional districts will be organized in each of the fiscal years 1950 and 1951. Approximately 78 percent of the total farms in the nation are now within the boundaries of organized conservation districts. It is believed that this will increase to 84 percent by June 30, 1950 and to 90 percent by June 30, 1951.

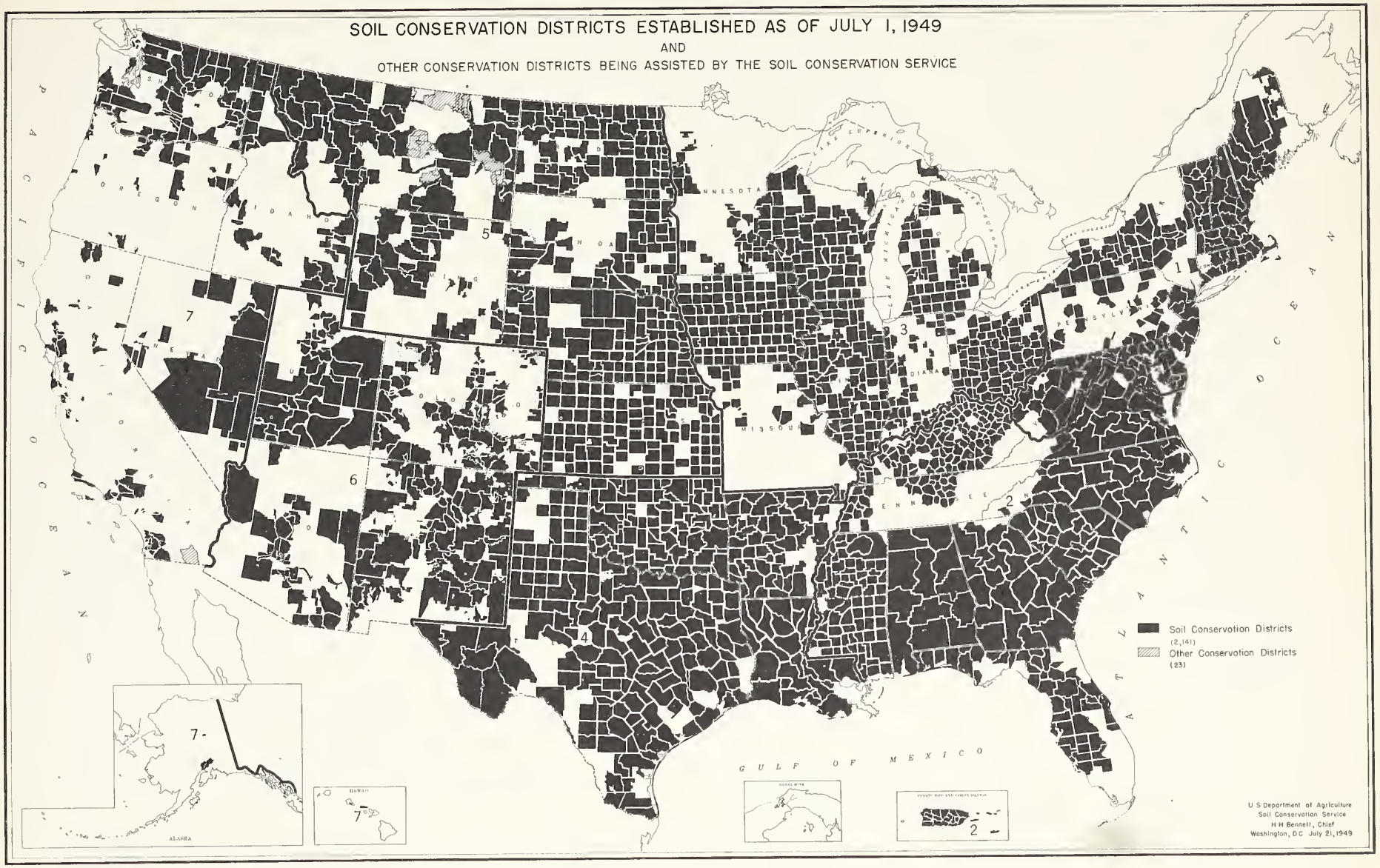
The attached map shows the conservation districts which had been organized as of July 1, 1949.

Number of Farms and Acreage in Conservation Districts

Date	Number of Districts Organized	Total Acres in Organized Districts	Approximate Acres in Farms	Number of Farms in Districts
Actual				
June 30, 1948	2,033	1,114,003,208	750,578,230	4,463,374
Average per district		547,960	369,202	2,195
June 30, 1949	2,164	1,178,763,172	795,859,825	4,571,693
Average per district		544,715	367,772	2,113
Estimated				
June 30, 1950	2,314	1,260,500,000	851,000,000	4,900,000
Average per district		544,728	367,761	2,125
June 30, 1951	2,464	1,342,300,000	906,000,000	5,200,000
Average per district		544,765	367,695	2,125

Conservation Education in Cooperation with Extension Service

Forty-eight "extension" soil conservationists (45 are cooperatively employed by the Soil Conservation Service and the Extension Service) and other State and County extension workers devoted 91,882 days to soil conservation educational work in 2,965 counties during the calendar year 1948.


SOIL CONSERVATION DISTRICTS ESTABLISHED AS OF JULY 1, 1949
AND
OTHER CONSERVATION DISTRICTS BEING ASSISTED BY THE SOIL CONSERVATION SERVICE
Soil Conservation Districts
(2,141)
Other Conservation Districts
(23)
GULF OF MEXICO
ALASKA
HAWAII
U S Department of Agriculture
Soil Conservation Service
H H Bennett, Chief
Washington, D C July 21, 1949

Extension soil conservationists have assisted in developing educational material to be placed in schools for use by both teachers and pupils. A typical example of this is the booklet. "This is our Soil", prepared in Illinois. Informatively and simply written and containing many activities which can easily be carried out by school children, this booklet is being issued to all public schools by the Superintendent of Public Instruction. Extension Soil Conservationists have cooperated with colleges in setting up teacher training courses which are giving instruction in soil conservation in both the classroom and the field.

The training of 4-H Club members in soil conservation has increased from 86,200 in 1945 to 161,109 in 1948. To intensify training of these future agriculturists of America, additional expansion of soil conservation 4-H work is planned for 1950.

National Interest in Conservation of Land and Water Resources

The conservation of soil and water resources and proper land use are of vital importance to all people of the nation. Farmers, industrial concerns, civic organizations, business and professional men, educators, and others have recognized this need and have demonstrated their interest in furthering the conservation program by sponsoring many local, State and National soil conservation contests and hundreds of conservation field days. Some of the major events of this type, held during the past year were the following:

1. The Maryland Field Day was held on the Thrasher farm in Frederick County, Maryland. About 40,000 people from sixteen States and representatives of fifteen foreign countries watched this transformation of a 200-year old farm from an old-type, wasteful straight row operation to a modern soil and moisture saving, fertility conserving system of farming.

2. In the State of Iowa over 200,000 people participated in 21 field days, chief of which was the "Plowing Contest and Soil Conservation Field Day" at Dexter, Iowa which was sponsored by a large radio station and drew an approximate attendance of 100,000.

3. Kentucky's Governor proclaimed Soil Conservation Month during which the Kentucky Soil Conservation Caravan held field days in twelve counties with a total attendance of 40,000 people.

4. A large tire and rubber company sponsored a contest in eight States in which the best conservation farmers and the most active soil conservation district governing bodies in each State were awarded prizes. Another tire company has for the fifth consecutive year sponsored a 4-H Club soil conservation project in which 42,528 members were enrolled

5. Several prominent newspapers throughout the country sponsored contests between farmers and groups of farmers, based on the rate at which they applied needed conservation practices to the land, which encouraged greater activity in soil and water conservation.

Conservation Needs Survey

A survey of the conservation needs of all lands in the nation was initiated in the fall of 1948 to collect information on the kinds and amount of conservation practices needed in each locality. The purpose is to develop a time schedule for applying these practices soon enough to prevent serious permanent damage to the land. This survey is a refinement of the preliminary conservation timetable study concluded in 1948. Land capabilities (based on kind of soil, percent of slope, degree of erosion, and land use) supply much of the basic data for the estimates of both of these surveys. Therefore, as soil conservation surveys are completed on additional acreages this information will be used as the basis for further refinement or revision of the data compiled from the above surveys.

Conservation Surveys, Planning, and Treatment Accomplishments

Type of Work	Unit	Actual 1949	Cumulative to 6/30/49	Estimated 1950	Estimated 1951
Conservation surveys ..	Acres	25,792,333	304,261,676	30,000,000	34,000,000
Individual farm and ranch plans	No.	114,892	668,322	128,000	135,000
Farm and ranch planning	Acres	32,283,595	184,907,398	36,000,000	38,000,000
Conservation treatment	Acres	22,115,560	101,619,725	24,500,000	26,000,000

Speeding Up Land Treatment

In an effort to accelerate the application of conservation treatment, a study is being initiated to determine the factors that contribute to satisfactory progress or lack of progress in soil conservation districts being assisted by the Service. Detailed field inspections and analysis of conservation accomplishments will be made in individual conservation districts. It is anticipated, as a result of such analysis that standards can be developed for use as a measure of satisfactory progress and procedures can be recommended for increasing the rate and amount of soil and water conservation practices applied to the land.

Activity Through Natural Neighborhood Groups

The Soil Conservation Service has developed procedures and techniques for identifying local natural neighborhood groups and their leaders. These small "natural" groups of farmers, which are informally and unconsciously organized and vary in size from two to twenty families, visit together, have similar interests, and help each other in attaining their common objectives. Identifying and working with these groups through their leader, holds promise of materially increasing the rate of application of conservation on the land, and offers greater assurance that the work will be maintained. Work unit personnel are being trained as rapidly as possible in the procedure of identifying and working with natural neighborhood groups. The natural leaders to whom neighbors look for advice are being trained to become conservation leaders in their neighborhoods.

An example of the increased conservation attained by these natural neighborhood groups is indicated in the following accomplishments of the Hamilton County Work Unit in Texas. This work unit started with the "neighborhood group" approach in February of 1947.

Items Compared	1946	1947	1948
1. No. of farm plans prepared	66	73	104
2. Acres in plans	14,875	20,845	33,282
3. Man-years of assistance	6.8	4.0	4.0
4. Treatment points per man-year (relative measure of accomplishments in the application of conservation practices)	650	1,169	1,287

It is not anticipated that such increased accomplishments are possible everywhere immediately, but the natural "neighborhood group" approach enhances the understanding and desire on the part of farmers to farm the "conservation way", thus assuring a high quality of work and effective maintenance of conservation practices.

"Group" Drainage and Irrigation Jobs

The construction or renovation of small drainage and irrigation facilities generally involves several farms. The operating efficiency of these facilities and securing of maximum benefits to the farm lands involved is dependent on cooperation, proper planning, and installation of necessary control measures by all of the farmers or ranchers concerned. During the past year 1,049 "group" drainage jobs were completed. These involved all or part of 5,938 farms and benefited 557,279 acres. As of December 31, 1948, 2,929 of these jobs had been completed at an average cost of $3.71 per acre benefited. Soil Conservation Service technical assistance has amounted to 9 percent of the total or about $0.34 per acre. Farmers cooperating with local conservation districts paid the

remaining cost of construction. During 1948, 152 "group" irrigation jobs to benefit 3,072 farms were also completed in soil conservation districts with Soil Conservation Service technical assistance. The total cost of the 630 "group" irrigation jobs completed as of December 31, 1948 (15,103 farms and 713,671 acres benefited) was $1,941,641. The technical assistance in planning and applying the irrigation measures which was furnished by the Soil Conservation Service amounted to 14 percent of this total or $0.38 per acre.

Land Treatment in Conservation Districts

The following table shows some of the major conservation practices that were applied in Conservation Districts with the assistance furnished by the Soil Conservation Service:

Name of Practice	Unit	Applied During Fiscal Year 1948	Applied During Fiscal Year 1949	Cumulative to June 30,1949 1/
Contour farming	Acres	3,183,501	3,352,922	19,250,228
Cover cropping	Acres	2,572,410	2,614,797	10,281,783
Stubble mulch farming	Acres	6,302,316	6,611,273	28,130,713
Strip cropping	Acres	747,178	692,995	4,927,008
Seeding pasture and range	Acres	1,811,417	1,358,856	5,194,438
Woodland improvement	Acres	2,178,428	3,077,106	10,354,564
Tree planting	Acres	86,643	107,056	526,590
Farm and ranch ponds	Number	30,388	31,206	139,671
Terraces	Miles	87,263	96,621	615,170
Diversion channels	Miles	4,883	5,126	20,462
Farm drainage	Acres	1,089,730	1,103,412	3,964,221
Irrigation land preparation	Acres	217,673	254,905	848,096
Improved water application	Acres	527,638	562,667	2,199,574
Field windbreaks	Miles	1,374	1,268	6,959

1/ These data are for first-time application only and do not include duplication of acreage for reapplication or maintenance of those same practices year after year.

"Soil Conservation Operations" Costs and Accomplishments

Item	Obligations	Accomplishments	Cost per Acre
Fiscal Year 1949			
Conservation surveys	$3,064,600	25,792,333 Ac.	$0.12
Farm and ranch conservation planning	13,871,820	32,283,595 Ac.	0.43
Conservation treatment	27,611,310	22,115,560 Ac.	1.25
Improvement and maintenance of program on farms and ranches..	2,037,057		
Total obligations	46,584,787		
Fiscal Year 1950 (Estimated)			
Conservation surveys	3,377,000	30,000,000 Ac.	0.11
Farm and ranch conservation planning	15,116,000	36,000,000 Ac.	0.42
Conservation treatment	30,029,000	24,500,000 Ac.	1.22
Improvement and maintenance of program on farms and ranches	2,050,300		
Total obligations	50,572,300		
Fiscal Year 1951 (Estimated)			
Conservation surveys	3,377,000	34,000,000 Ac.	0.10
Farm and ranch conservation planning	15,116,000	38,000,000 Ac.	0.40
Conservation treatment	30,029,000	26,000,000 Ac.	1.16
Improvement and maintenance of program on farms and ranches..	2,050,300		
Total obligations	50,572,300		

Snow surveys, designed to forecast water supplies for irrigation use, are being carried out in 12 Western States. Runoff forecasts have also been found to be extremely useful to power companies, municipalities, mining and lumbering interests, flood control districts and others concerned with planning or administering use of water resources. During 1948 approximately 75 new snow courses were established and measurements were made on a total of 800 courses. Obligations of the Soil Conservation Service for making snow surveys in 1949 (does not include research cost of $10,945), amounted to $77,108. Contributions by cooperators amounted to $66,627, of which $30,207 was cash and $36,420 in services.

2. Operation of Conservation Nurseries for the Furnishing of Plants for Use in Soil and Water Conservation Operations

Sources of Supply of Plant Material

Huge quantities of grass and legume seeds, trees, and other plant materials are needed by farmers and ranchers in carrying out the programs of conservation districts. Most of the material now available is produced by private operators such as farmers, ranchers, seedsmen and nurserymen. The Service encourages private enterprise to increase production of this material by giving technical assistance and, in some cases, by providing small amounts of seed of uncommon strains or varieties for increase. The Service also renders assistance to cooperators in the use of new techniques for harvesting of grass and legume seed from areas of native or other grass stands. State operated nurseries have increased in number and capacity and have doubled their production in the past two years. In Nebraska and Kansas, commercial nurserymen working with conservation district governing boards have provided a million plants for sale to cooperators for use in soil conservation, flood control and windbreak plantings. In some States soil conservation districts are operating their own nurseries with technical assistance from the Soil Conservation Service. Despite these efforts, production of trees and shrubs still fall far short of the demand.

Plant Materials for Grant to Conservation Districts

The following table shows the plant materials produced in and collected or purchased by Service nurseries for grant to conservation districts:

Item	1949	1950 (Estimated)	1951 (Estimated)
Trees, shrubs and other plants (no.)	28,000,000	30,000,000	30,000,000
Grass and legume seeds (lbs.)	1,000,000	1,000,000	1,000,000

Bringing Into Use New and Better Conservation Plant Materials

Through its observational work, the Service nurseries locate, assemble, increase, and distribute plants or seeds of grasses, elgumes and other plants believed useful for conservation planting purposes. It provides for initial evaluation and increase of potentially valuable soil conservation plants and develops appropriate propagation practices for difficult varieties. This program also serves as a medium for exchange of foreign and domestic seed and technical information useful in the propagation and utilization of improved materials for soil conservation. New and uncommon strains of plant materials can thus be introduced into more extensive use for conservation purposes. For example, in the Pacific Coast Region, two strains of new and improved plants have been released. One of these is Cucamonga Brome, a new self-seeding annual grass especially adapted for the control of wind erosion in vineyards in Southern California, the other Cascade, a strain of Birdsfoot trefoil which is particularly adapted for hay and pasture seeding in Western Washington and Oregon.

(c) Land Utilization and Retirement of Submarginal Land

Appropriation Act, 1950	$1,225,000
Anticipated pay adjustment supplemental	30,100
Base for 1951	1,255,100
Budget Estimate, 1951	1,893,100
Increase	+638,000

SUMMARY OF INCREASES, 1951

For construction of a barrier structure to prevent further serious erosion on the San Simon Valley Land Utilization Project, Arizona (non-recurring)	+75,175
For replacement of the Greenleaf Lake spillway on the Cookson Hills Land Utilization Project, Oklahoma (non-recurring)	+265,000
To revegetate and otherwise improve undeveloped project lands to remove them from erosion hazards	+231,875
To make boundary surveys on project lands in custody of the Forest Service	+ 51,850
To place on a full year basis in 1951, pay adjustments under P.L. 429 which were in effect for only a part of the fiscal year 1950	+ 14,100

PROJECT STATEMENT
(Amounts Shown Include Pay Adjustment Costs)

Project	1949	1950 (estimated)	Increase: P.L. 429 adjustment	Increase: Other	1951 (estimated)
1. Land development	$487,625	$527,200	+$5,200	+$572,050(1)	$1,104,450
2. Management of land and facilities	695,430	727,900	+ 8,900		736,800
Allotted to Forest Service	- -	- -	- -	+51,850(2)	51,850
Total pay adjustment costs, Public Law 429	[- -]	[30,100]	[+14,100]	[79,200]	[53,400]
Unobligated balance	6,934	- -	- -	- -	- -
Total available	1,189,989	1,255,100	+14,100(3)	+623,900	1,893,100
Transfer from "Printing and binding, Department of Agriculture"	-989	- -			
Anticipated pay adjustment supplemental	- -	-30,100			
Total appropriation or estimate	1,189,000	1,225,000			

INCREASES

The increase of $638,000 in this item for 1951 is composed of the following:

(1) An increase of $572,050 under the project "Land development," composed of:

(a) A non-recurring increase of $75,175 for construction of a barrier structure in the gullied area of the San Simon Valley Land Utilization Project, Arizona

Need for Increase: 600 acres of Government-owned productive meadowlands on the San Simon project as well as additional private land in the upper reaches of the valley are being seriously damaged by gully erosion. The main gully and its fingers are rapidly progressing up the valley, leaving the land valueless, impassable and subject to more extensive erosion. The area which is left devoid of vegetation is providing an enormous source of silt for the Gila River, which eventually deposits the sediment in the San Carlos irrigation reservoir. Plans for a control structure, to be erected at the terminal of the main gully and its arteries, were completed in 1946 but inadequacy of funds has prevented its construction. This barrier structure will arrest the progress of the overfalls on the gullied areas, and assist in the prevention of sediment deposition in the San Carlos irrigation reservoir.

Plan of Work: Detailed layout surveys of the structure on the San Simon project and the necessary supervision and inspection of construction will be done by Soil Conservation Service technicians. Actual construction work will be performed under contract.

(b) A non-recurring increase of $265,000 for replacement of the Greenleaf Lake spillway located on the Cookson Hills Land Utilization Project

Need for Increase: The dam and spillway on Greenleaf Lake, which was constructed with funds made available through the Federal works relief programs, lacks adequate discharge capacity and sufficient means to provide temporary flood storage. In the past few years the spillway apron has settled, seepage has undermined the lower one-third of the apron and erosion has progressed to the point where the spillway will be further damaged even under normal runoff conditions. A major storm could result in undermining the spillway to such an extent that it would be destroyed. This would cause also the destruction of the dam and thereby necessitate an expenditure of $335,000 (in addition to rebuilding the spillway) for replacement of the existing fill and the concrete "draw down" conduit used for lowering the level of the reservoir in order to provide flood storage. If the dam should be destroyed, an existing highway and railroad downstream would be endangered and some farmland adjacent to the present watercourse would be inundated. In addition to the loss of Government investment and revenue from recreational facilities, the

adjacent area, which the Oklahoma College of Agriculture and Mechanical Arts has secured, would be without a source of water supply.

Plan of Work: Construction of the new spillway would be performed under contract and the necessary engineering supervision would be furnished by the Soil Conservation Service.

(c) Increase of $231,875 for revegetation and development of idle and unproductive Government-owned lands

Need for Increase: Approximately 175,000 acres of submarginal land, acquired under Title III of the Bankhead-Jones Farm Tenant Act, is in serious need of revegetation and conservation development in order to remove them from the hazards of wind and water erosion and return them to production and use by local farmers and ranchers. Delay in establishing a good grass cover on these lands accentuates their susceptibility to erosion and permits the invasion of undesirable weeds and brush which increases the ultimate cost of development. It also defers still further the time when small land-owners and operators adjacent to the project areas can use these lands for grazing purposes to produce badly needed supplemental income, and prevents the realization of additional revenue to the Federal Treasury and to the counties in which the land is located.

Plan of Work: Work involved in revegetating areas on Land Utilization projects is dependent to some extent on climatic conditions, soil types, existing vegetation and past cultural treatment. In the Great Plains and western areas, brush removal is frequently necessary but only a minimum amount of soil preparation is needed. In the dust bowl area, some soil stabilization work must be done, while the humid areas require the application of lime and fertilizer as well as extensive seed bed preparation. As areas are developed, fences and livestock watering facilities will be constructed in order to permit use of the lands for grazing by local livestock owners. The following table shows the estimated amounts of the major types of work that would be accomplished with the increase requested:

Type of Work	Amount of Work
Seeding range and pasture	29,000 acres
Seed bed preparation	4,400 acres
Liming	400 acres
Fertilizing	1,500 acres
Mowing and brushing	4,300 acres
Fencing	150 miles
Stock water sources	30 units

(2) An increase of $51,850 under the project "Management of Land and Facilities" for making boundary surveys on Land Utilization projects.

Need for Increase: The Forest Service is acting as custodian for 30 land utilization areas located in 16 States. These areas are being managed by various State agencies and involve 486,865 acres. In many of these areas boundary lines have never been surveyed, or the early surveys were inaccurate. Flaws are also appearing in the titles to many of these properties. Questions as to ownership of land which presumably rests with the Federal Government are constantly arising. It will not be possible to settle the more complex of these disputes without actual field surveys and title work. Meanwhile it is impossible to protect the Government's interest against trespass, sometimes involving valuable mineral deposits. For the past 7 or 8 years every possible effort has been made to solve these problems with part-time help of available personnel. All cases that can be handled in this way have been settled. For the remaining and generally more complex cases, a resurvey and title review is an absolute necessity if the States are to continue their management of the lands for the Forest Service.

Plan of Work: The entire increase of $51,850 would be used on actual field surveys and marking of boundary lines on the ground and for essential related title correction.

(3) Increase of $14,100 to place on a full year basis in 1951 pay adjustments under P.L. 429 which were in effect for only a part of the fiscal year 1950.

STATUS OF PROGRAM

Current Activities:

Land Areas Administered

Under the provisions of Title III of the Bankhead-Jones Farm Tenant Act, the Soil Conservation Service administers 74 separate project areas which cover 6,950,000 acres in 31 States. In addition, it administers the leases on 33 other areas covering 362,749 acres which are managed by State agencies. During the period 1938 to 1942 the Government acquired lands which had been in cultivation but which were submarginal or unsuitable for cultivation because of location, natural infertility, loss of productivity through misuse, or other physical factors. These lands are being treated according to their use-capability and needs in order to prevent further damage, achieve proper land use, and improve the agricultural economy of the communities affected. Also included in the work carried on under this appropriation item is the settlement of certain boundary-dispute claims on the Sebastian-Martin Grant Lands in New Mexico.

Land Development

Approximately 600,000 acres of the land administered by the Service are adapted to forestry development and management, 6,300,000 acres are best suited for grazing purposes and the remainder is suitable for cropping, wildlife, recreation and miscellaneous uses. Development work consists of applying erosion control measures, establishing vegetative cover on abandoned crop land, improving and seeding land which is suitable for grazing purposes, developing wells, springs and other stock water facilities, fencing pasture lands, tree planting, constructing roads, firebreaks, trails, lookout towers, telephone lines, and buildings, and occasionally the development of recreation facilities. Much of the land area has been developed and is being used by local farmers and ranchers, thereby enabling them to shift to a more sound land-use program on their own land and also produce supplemental income.

Management of Land and Facilities

The management, maintenance, and protection of approximately seven million acres of land requires repairs and upkeep of fences, stock water facilities, telephone lines, buildings, etc., handling of permits for use of the land for grazing, haying, cropping and timber harvesting, and patrolling of fire lanes and fire fighting. Recreational facilities are handled through concessionaires' contracts. There has been no land purchase since 1942 but exchanges of Government-owned land for private land are being made, where such transactions will round out economic operating units for both the Government and private owners.

Revenue from the use of lands administered by the Soil Conservation Service amounted to nearly a million dollars in the calendar year 1948, 25 percent of which was paid to the counties in which the lands are located, to be used for school and road purposes, and 75 percent which was paid into the Treasury as miscellaneous receipts.

Selected Examples of Recent Progress:

Current Accomplishments and Workload

While good progress has been made in developing lands acquired, much work remains to be done. Efforts are being concentrated on types of development work which will properly protect the land, provide maximum benefits from their use by local people, and bring maximum cash returns on the Government's investment. Although early completion of the remaining development work is the primary objective, provision must be made annually to carry out an adequate maintenance and management program so as to protect the work already done.

The following table shows the actual amount of some of the more important items of development work completed during the period January 1, 1948 to June 30, 1949, estimated amounts for fiscal years 1950 and 1951, and the estimated balance remaining to be done after June 30, 1951:

Type of Work	Unit	Actual 1/1/48 to 6/30/49	Estimated F.Y. 1950	Estimated F.Y. 1951	Balance to Complete
Seeding range and pasture	acres	67,033	40,000	69,000	106,704
Seed bed preparation	acres	17,224	14,000	18,400	82,488
Liming	acres	988	1,000	1,400	25,881
Fertilizing	acres	4,429	2,800	4,300	29,108
Mowing and brushing	acres	11,510	6,500	10,800	19,071
Fencing	miles	1,103	600	750	767
Stock water source	no.	212	100	130	346
Tree planting	acres	4,575	4,000	4,000	64,141
Fireguards	miles	139	150	150	334
Roads and trails	miles	84	40	40	211
Administrative buildings	no.	8	5	5	66

Use of Project Lands and Facilities

Project lands and facilities are made available to local farmers and ranchers at equitable rates under specific use conditions. During the calendar year 1948, 7,719 use permits were issued to local farmers and ranchers. The following table shows the four major uses of the land in the calendar years 1947 and 1948:

Calendar Year and Use	Number of Operators Using	Acres Used	Unit Measure of Production
1947			
Grazing	6,092	6,436,135	1,680,565 A.U.M.
Haying	551	—	20,834 tons
Cropping	415	22,147	—
Woodland production	890	—	31,337,224 bd.ft.
1948			
Grazing	5,975	6,454,355	1,712,434 A.U.M.
Haying	575	—	19,330 tons
Cropping	433	25,850	—
Woodland production	736	—	26,657,864 bd.ft.

Revenue Received from Use of Projects

The income from lands administered by the Service amounted to $995,793 for the calendar year 1948. Of this amount 25 percent or approximately $248,948 was paid, in lieu of taxes, to the counties in which the lands were located. The following table shows the types of revenue and the amount received for each, for the calendar years 1947 and 1948:

Type of Revenue	Calendar Year Receipts	
	1947	1948
Grazing	$469,801	$684,995
Haying	13,660	17,567
Cropping	54,285	68,591
Building occupancy	3,883	4,166
Recreation	23,835	26,056
Mineral royalties	13,524	17,170
Easements	1,432	692
Forest products	238,144	166,872
Salvaged improvements	10,158	2,449
Sale of seed	—	2,880
Unclassified	5,034	4,355
Total	833,756	995,793

It is estimated that revenue from these projects will amount to $900,000 for each of the calendar years 1949 and 1950. Payments to counties in lieu of taxes would amount to $225,000 each year.

Private Land Exchanges

General land purchases under the Land Utilization program were discontinued at the close of the fiscal year 1942. No new land purchases are contemplated during either of the fiscal years 1950 or 1951. However, applications continue to be received for the exchange of private lands for Government-owned lands. The following table shows the status of land exchange work:

Item		Federal Land Released		Private Land Acquired	
	Cases	Tracts	Acres	Tracts	Acres
Applications received 1949	75	195	42,228	170	63,838
Applications completed 1949	44	94	27,321	92	29,481
Applications pending July 1, 1949	109	257	54,284	237	86,798

Transfers of Federal Land between Departments

Both the Department of Agriculture and the Department of the Interior have had responsibility for administering Federal lands that were intermingled and which caused a great number of administrative problems. Many of these problems have now been eliminated by the issuance of Executive Order No. 10,046, dated March 24, 1949, which transferred lands between the two agencies so as to give each the most contiguous area possible.

Sebastian Martin Boundary Dispute Claims

Settlement of claims to certain so-called Sebastian Martin Grant lands, now a part of the Grant Lands Land Utilization Project, New Mexico, is also included in the work authorized to be carried on under this appropriation item. Under the provisions of Public Law 179, 79th Congress (7 U.S.C. 1011, note), the Secretary of Agriculture is authorized to settle disputed claims to these lands. Out of the possible 75 claims that may develop, a total of 27 parcels involving 146.26 acres have been returned to private ownerships. 19 of these parcels involving about 73.66 acres were settled during the fiscal year 1949. While it is impracticable to estimate how many of the claims will be submitted during the fiscal year 1950 and 1951, 24 other parcels are now in process of determination as to eligibility for return.

Payments Due Counties and Refunds, Submarginal Land Program, Farm Tenant Act (Permanent Appropriation)

This item covers obligations for the payment to counties of 25 percent of the net revenues received each calendar year from the use of lands administered by the Secretary, and for the refund of unearned amounts received for the use of such lands, under the provisions of Title III of the Bankhead-Jones Farm Tenant Act, approved July 22, 1937, as follows:

Item	Actual 1949	Estimated 1950	Estimated 1951
Payments due Counties	$264,372	$245,700	$241,700
Refunds of excess payments	1,796	1,800	1,800
Total	266,168	247,500	243,500

(d) Water Conservation and Utilization Projects

Appropriation Act, 1950	a/
Budget estimate, 1951	$ 969,900
Increase	$+969,900

Note: Although an increased appropriation of $969,900 is requested for this item in 1951, it is estimated there will be an increase of only $291,889 in total funds available due to availability of prior year balances of $678,011 in fiscal year 1950.

SUMMARY OF INCREASES AND DECREASES, 1951
(on an Available Funds Basis).

To accelerate land development on the Buford-Trenton project, North Dakota ($85,000); the Eden Valley project, Wyoming ($211,390); and the Angostura project, South Dakota ($6,034).	+302,424
To place on a full year basis in 1951, pay adjustments under P.L. 429 which were in effect for only a part of the fiscal year 1950.....	+ 19,900
Decrease due to anticipated completion of work in 1950 on the Mancos project, Colorado ($22,400), the Mirage Flats project, Nebraska ($6,246) and the Post Falls project, Idaho ($1,789).	- 30,435

PROJECT STATEMENT
(Amounts Shown Include Pay Adjustment Costs)

Project	1949	1950 (estimated)	Increase or decrease: P.L. 429 adjustment	Increase or decrease: Other	1951 (estimated)
1. Land development..	$204,007	$628,011	+$18,000	+$271,989 (1)	$ 918,000
2. Land management, settlement and technical guidance	37,145	50,000	+ 1,900	- -	51,900
Total pay adjustment costs, Public Law 429.....	[- -]	[9,800]	[+19,900]	[- -]	[19,900]
Total obligations ..	241,152	678,011	+ 19,900 (2)	+ 271,989	969,900
1948 balance available in 1949	-918,965	—			
1949 balance available in 1950	+678,011	-678,011			
Transfer in 1950 estimates from "Printing and binding, Department of Agriculture".....	- 198	--			
Total appropriation or estimates.....	--	--			

a/ Prior year funds of $678,011 available.

INCREASES OR DECREASES

The net increase of $291,889 in this item for 1951 is composed of the following:

(1) A net increase of $271,989 under the project "Land development" composed of:

(a) An increase of $302,424 to accelerate land development work on the Buford-Trenton project, North Dakota ($85,000); the Eden Valley project, Wyoming ($211,390); the Angostura project, South Dakota ($6,034):

Need for Increase: The purpose of this program is the development of efficient and effective irrigation systems for farm units in order to insure sound land and water use and provide permanent settlement opportunities for farm families. Developing dry farm and range land for irrigation farming requires major changes in the farming systems. Land must be properly prepared before irrigation water can be effectively applied. This work requires detailed land classification and topographic surveys, clearing brush and trees, land leveling, and constructing farm ditches and drains and water control structures and reorganizing and subdividing farm units to fit the character of the land. Well designed and constructed irrigation systems will prevent waste of soil and water resources and permit maximum use of available irrigation water.

The increase requested for the Buford-Trenton project would provide for substantial completion in 1951 of the development work on the project and would enable the Service to proceed with the sale of the remaining farm units. The increase requested for the Eden Valley project is required in order to enable the Service to proceed with development work as authorized by Public Law 132, 81st Congress, approved June 28, 1949. It is anticipated that the development work on the Eden Valley project will be completed by June 30, 1955. The increase requested for the Angostura project will enable the Service, pursuant to Public Law 337, 81st Congress, approved October 10, 1949, to continue development work in 1951 at approximately the same rate as that budgeted for 1950. It is planned that development work on the Angostura project will be substantially completed in 1954.

(b) A decrease of $30,435 which is due to the anticipated completion of work in 1950 on the Mancos project, Colorado ($22,400), the Mirage Flats project, Nebraska ($6,246) and the Post Falls project, Idaho ($1,789).

(2) Increase of $19,900 to place on a full-year basis in 1951 pay adjustments under P.L. 429 which were in effect for only a part of the fiscal year 1950.

LANGUAGE

The estimates propose the following new language for this item:

For expenses necessary to carry into effect the functions of the Department under the Acts of May 10, 1939 (53 Stat. 685, 719), October

14, 1940 (16 U.S.C. 590y-z-10), as amended and supplemented, and June 28, 1949 (Public Law 132), relating to the construction, operation, and maintenance of water conservation and utilization projects, including personal services in the District of Columbia, to remain available until expended, $969,900, which sum shall be merged with the unexpended balances of funds heretofore appropriated or transferred to said Department for the purposes of said Act.

Activities under this program have been financed with unobligated balances of funds appropriated in the fiscal year 1947 and prior years. It is anticipated that all of the funds remaining available for obligation as of July 1, 1949 will be obligated during the fiscal year 1950. The budget for 1951 recommends an appropriation of $969,900 for this work, and the above appropriation language is proposed for this purpose.

STATUS OF PROGRAM

Current Activities:

The Water Conservation and Utilization (Wheeler-Case) program is carried on cooperatively with the Bureau of Reclamation which has as its responsibility the construction of the primary water supply features such as dams, reservoirs and principal canals. The Soil Conservation Service is responsible for developing irrigated and irrigable project lands for efficient application and use of irrigation water; with providing settlement opportunities for farm families and veterans; and with securing efficient land use and conservation of soil and water resources on the farms developed.

Land Development

Extensive land preparation is essential to the changing of dry farm and range land to a well designed and constructed system of irrigation farming which will prevent waste of soil and water resources and permit maximum use of available irrigation water. Development of irrigable land consists of detailed land classification and topographic surveys, clearing and land leveling, subdividing land into economic-sized units, and the construction of farm ditches, laterals, drains and other water control structures.

Land Management, Settlement, and Technical Guidance

This work consists of the protection and management of Government-owned or controlled lands and facilities and leasing of the farming units prior to development and disposal to private farmers. As project lands are developed they are sold to qualified farm settlers selected by a local advisory board. The selling price of the completed farm unit is based on the earning power of the land and is calculated to return to the Federal Treasury an amount not less than the reimbursable cost of developments with interest at 3 percent over a 40-year amortization period. Technical guidance, to insure efficient irrigation and conservation farming methods, is furnished to operators of both the Government-owned and the privately-owned lands within the project area.

Selected Examples of Progress:

Project Authorizations and Obligations

The current Presidential project authorizations and amounts obligated through June 30, 1949 for each Water Conservation and Utilization Project under the respective funds and programs which were scheduled to contribute to the development of the projects are shown in the following table:

Project Name	Present Project Authorization	Obligations through June 30, 1949			
		"Wheeler-Case" Funds	"Great Plains" Funds 1/	Contributed Funds	Total
Angostura	$1,484,000	$299,876	—	—	$299,876
Balmorhea	569,000	—	—	—	—
Bitterroot	752,000	199,528	—	—	199,528
Buffalo Rapids I	2/ 535,000	75,663	$210,000	$224,405	510,068
Buffalo Rpaids II	2/ 770,500	245,580	345,000	134,486	725,066
Buford-Trenton	2/1,094,000	—	640,749	264,838	905,587
Dodson	84,000	51,485	—	—	51,485
Eden Valley	1,535,000	—	117,995	5,061	123,056
Intake	41,000	20,817	—	—	20,817
Mancos	473,000	352,902	—	—	352,902
Mirage Flats	687,300	474,154	170,000	36,837	680,991
Missoula	133,000	65,297	—	—	65,297
Newton	75,500	74,230	—	—	74,230
Post Falls	196,000	196,000	—	—	196,000
Rapid Valley	170,000	7,117	15,042	—	22,159
Saco Divide	480,000	—	405	—	405
Scofield	350,000	119,562	—	12,200	131,762
Total direct project costs		2,182,211	1,499,191	677,827	4,359,229
Project investigations and surveys		233,473	—	—	233,473
General administration					
Farm Security Adm.		349,091	—	—	349,091
Office of Production		4,137	—	—	4,137
Office of the Solicitor		59,957	—	—	59,957
Soil Conserv. Service		438,186	—	—	438,186
Total obligations through 6/30/49		3,267,055	1,499,191	677,827	5,444,073

1/ Construction, Water Conservation and Utility Projects (16 U.S.C. 590-y-z-10)

2/ Request for revision to this amount pending.

Estimated Obligations, 1950 and 1951

In 1950 the unobligated balance of $678,011 existing as of June 30, 1949 is being used on the remaining uncompleted projects. The following table shows, by project, the estimated obligations to be incurred in the fiscal year 1950 and 1951 under this program (balances of "Great Plains" funds are also shown in order to facilitate program analysis):

Project	1950 Estimated			1951 Estimated		
	"Wheeler-Case" Funds	"Great Plains" Funds	Total	"Wheeler-Case" Funds	"Great Plains" Funds	Total
Angostura	$393,966	—	$393,966	$409,300	—	$409,300
Buffalo Rapids I	10,000	—	10,000	10,200	—	10,200
Buffalo Rapids II	15,000	—	15,000	15,300	—	15,300
Buford-Trenton	—	$14,233	14,233	87,000	$98,019	185,019
Eden Valley	141,610	36,599	178,209	358,100	—	358,100
Mancos	22,400	—	22,400	—	—	—
Mirage Flats	6,246	—	6,246	—	—	—
Post Falls	1,789	—	1,789	—	—	—
Rapid Valley	—	—	—	—	9,958	9,958
Total Direct Project Costs	591,011	50,832	641,843	879,900	107,977	987,877
General Administration	87,000	—	87,000	90,000	—	90,000
Total Estimate	678,011	50,832	728,843	969,900	107,977	1,077,877

Development Accomplishments and Work Load

Actual development work was performed in 1949 on only four of the projects (Mancos, Buffalo Rapids Divisions I and II, and Mirage Flats). The following table shows some of the more important items of development work planned, the amount completed to date, and the amount remaining to be done:

Type of Work	Unit	Total Development Planned	Accomplished to 6/30/49	Remaining to be done 7/1/49
Topographic surveys	acre	194,874	152,380	42,494
Land classification	acre	216,483	155,569	60,914
Unit subdivisions	no.	632	529	103
Clearing	acre	36,614	23,187	13,427
Leveling	acre	116,500	47,083	69,417
Farm laterals	mile	1,978	653	1,325
Farm drains	mile	551	299	252
Irrigation structures	no.	14,070	4,531	9,539

Status of Land Development and Farm Sales

Project	Date Authorized	Irrigable Acreage	Percent Development Completed 6/30/49	Number of Tracts	Tracts Sold
Angostura	March 6, 1941	16,180	12	105	—
Balmorhea	April 15, 1944	7,520	—	—	—
Bitterroot	March 22, 1944	18,630	20	—	—
Buffalo Rapids I ...	May 15, 1940	14,507	97	115	61
Buffalo Rapids II ..	May 15, 1940	10,400	90	62	12
Buford-Trenton	Sept. 23, 1939	14,729	80	2/108	98
Dodson 1/.....	March 17, 1944	1,200	100	—	—
Eden Valley	Sept. 18, 1940	20,000	8	—	—
Intake 1/.....	Jan. 20, 1944	825	99	—	—
Mancos	Oct. 24, 1940	10,000	54	2	2
Mirage Flats	March 30, 1940	12,000	99	112	94
Missoula 1/	May 10, 1944	900	100	—	—
Newton 1/	Oct. 17, 1940	2,225	100	—	—
Post Falls	Jan. 29, 1944	3,260	97	17	15
Rapid Valley	Nov. 8, 1939	12,000	—	—	—
Scofield 1/	May 24, 1943	12,500	30	—	—

1/ Projects include no Federally-owned land.

2/ Grazing tracts and undeveloped farm (irrigation) units. Does not include undeveloped East Bottom and tracts on Upper Bench.

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS, WORKING FUNDS, AND TRUST FUNDS
(Amounts Shown Include Pay Adjustment Costs)

Item	Obligations, 1949	Estimated obligations, 1950	Estimated obligations, 1951
Flood Control, Department of Agriculture (Allotment to Soil Conservation Service):			
Preliminary examinations and surveys.....	$1,157,633	$1,325,811	$1,235,350
For assistance in the preparation of an agricultural plan for the Columbia Basin area.....	-	-	39,500
Works of improvement.....	3,271,729	7,411,587	8,053,650
Total, Flood Control	4,429,362	8,737,398	9,328,500
Research and Marketing Act of 1946, Department of Agriculture (Allotment to Soil Conservation Service):			
(Title I, Sec. 10b) Research other than utilization.....	87,478	97,800	98,600
Construction, Water Conservation and Utility Projects (Allotment to Agriculture) (Soil Conservation Service):			
Land development on water conservation and utility projects.....	22,104	50,832	107,977
Working Funds, Agriculture (Soil Conservation Service) Advances from:			
Department of the Interior:			
National Park Service, for the furnishing of trees and shrubs.....	10,815	4,990	-
Bureau of Reclamation, for the establishment and measurement of additional snow courses.....	11,270	2,908	-
Bureau of Reclamation, for preparation and duplicating of bibliography on sedimentation.....	2,609	1,074	-

(continued on next page)

Item	Obligations, 1949	Estimated obligations, 1950	Estimated obligations, 1951
Working Fund, Agriculture (Soil Conservation Service)			
Geological survey, for preparation and duplicating of bibliography on sedimentation.....	2,000	-	-
Total, Department of the Interior.....	26,694	8,972	-
Tennessee Valley Authority:			
For preparation and duplicating a bibliography on sedimentation.....	-	1,000	-
Department of Defense, Department of the Navy:			
Bureau of Yards and Docks, for carrying out erosion control measures at the Naval Air Station, Whiting Field, Florida.....	35,203	-	-
Bureau of Yards and Docks, for preparing master erosion control plans for various Naval Ammunition Depots.....	21,444	17,150	-
Total, Department of the Navy.....	56,647	17,150	-
Department of Defense, Department of the Army:			
Corps of Engineers, for production and delivery of grass seed for the McNary Dam Project.....	-	17,000	35,500
Total, Working Funds, Agriculture, Soil Conservation Service.....	83,341	44,122	35,500

(continued on next page)

Item	Obligations, 1949	Estimated obligations, 1950	Estimated obligations, 1951
Working Fund, Agriculture, General (Allotment to Soil Conservation Service) Advance from Department of State:			
Administrative expenses incident to the training of a Korean in soil conservation.....	26	74	-
Payment in Lieu of Taxes, and Operation and Maintenance Costs, Water Conservation and Utilization Projects (trust fund):			
Receipts from land leases for payments in lieu of taxes to States, political subdivisions thereof, and local taxing units, and for operation and maintenance expenses of the resettlement features of certain water conservation and utilization projects (40 U.S.C. 431-434).....	29,524	31,400	31,400
Operation and Maintenance, Water Distribution Systems, Water Conservation and Utilization Projects (trust fund):			
Receipts for operation and maintenance expenses of the Wyoming Rural Rehabilitation Corporation's water distribution system in the Eden Valley, Wyoming water conservation and utilization project (40 U.S.C. 431-434)	12,096	8,300	7,800

(continued on next page)

Item	Obligations, 1949	Estimated obligations, 1950	Estimated obligations, 1951
Miscellaneous Contributed Funds, Department of Agriculture (Allotment to Soil Conservation Service):			
Trust fund for:			
1. Flood control works of improvement on the Los Angeles watershed...	81,184	77,332	50,000
2. Soil and water conservation work in the Antelope Valley soil conservation district of California.....	500	-	-
Total, Miscellaneous Contributed Funds, Department of Agriculture.....	81,684	77,332	50,000
Return of Excess Deposits for Reproduction of Photographs, Mosaics, and Maps (Allotment to Soil Conservation Service):			
Trust fund for refunds of moneys received by the Soil Conservation Service for furnishing reproductions of photographs, mosaics, and maps, which are in excess of the cost of reproduction.....	819	800	800

(continued on next page)

Item	Obligations, 1949	Estimated obligations, 1950	Estimated obligations, 1951
International Information and Educational Activities (Transfer to Agriculture)(Allotment to Soil Conservation Service):			
Administrative expenses in connection with comprehensive training of Latin American technicians in the principles and practices of soil and water conservation and proper land use.....	9,678	10,500	- a/
TOTAL OBLIGATIONS UNDER ALLOTMENTS, WORKING FUNDS, AND TRUST FUNDS.....	4,756,112	9,058,558	9,660,577

a/ Allotments under this transfer have not yet been determined for the fiscal year 1951.

PASSENGER MOTOR VEHICLES

The budget estimates of the Soil Conservation Service for the fiscal year 1951 provide for the replacement of 350 passenger motor vehicles at a net cost of $379,000 after considering exchange allowances. With the exception of such replacements as may be necessary because of destruction of vehicles by fire or accident, each of the vehicles to be replaced will average more than 8 years of age and will have been driven in excess of 80,000 miles. This is well within the acceptable standards for replacement (6 years of age and 60,000 miles) established by the Bureau of the Budget.

During 1950 it is planned to acquire a total of 210 passenger motor vehicles and dispose of 210. This would constitute replacement of about 13 percent of the vehicles estimated to be in operation.

The use of passenger motor vehicles is required for district conservationists, technical specialists, survey supervisors, research project and nursery technicians, and state and regional office personnel in areas where public transportation is inadequate; or for types of travel where considerable distances are involved and the use of a pickup truck is not feasible; or where the use of an automobile is necessary to accomplish the particular work assignment.

PRODUCTION AND MARKETING ADMINISTRATION

Purpose Statement

The Production and Marketing Administration was established by the Secretary of Agriculture in August 1945. It consolidated into a single unit the functions of 12 former offices, agencies, and establishments of the Department, and brought into one organization the "Action" programs of the Department affecting production and marketing of agricultural commodities. Its function is to administer the Department's production and marketing programs, including agricultural conservation; acreage allotments and marketing quotas; price support through loans, purchases, and other means; sugar program; foreign and other supply; marketing research, service and regulatory activities, including grading, standardization, inspection and market news, and marketing agreements, and orders; the school-lunch program; development of new and expanded markets and uses, encouragement of exports; surplus disposal; and other programs.

The Washington organization of the Production and Marketing Administration consists of an Administrator, a Deputy Administrator and Assistant Administrators for Production, Marketing, Commodity Operations and Management, 9 Commodity Branches which plan and administer or supervise the administration of all PMA's programs affecting their commodities, and 12 functional and staff branches or offices which are responsible for specific programs or administrative functions affecting all commodities. Those branches and offices are as follows:

Commodity branches	Functional and staff branches and offices
Cotton	Agricultural Conservation Programs Branch
Dairy	Food Distribution Programs Branch
Fats and Oils	Marketing and Facilities Research Branch
Fruit and vegetable	Price Support and Foreign Supply Branch
Grain	Transportation and Warehousing Branch
Livestock	Fiscal Branch
Poultry	Information Branch
Sugar	Office of Administrative Services
Tobacco	Office of Audit
	Office of Budget
	Office of Compliance and Investigation
	Office of Personnel Services

The field organization of PMA consists of PMA State offices, PMA insular offices in Hawaii and Puerto Rico, PMA County and Community Committees, PMA Commodity offices and branch field and area offices.

The Production and Marketing Administration has been delegated authority by the Board of Directors of Commodity Credit Corporation to administer the programs of the Corporation. The Administrator of PMA is the President of the Commodity Credit Corporation and a member of the Board of Directors, and the Deputy Administrator is Vice President. The Directors of the branches of PMA and the Directors of PMA Commodity Offices are contracting officers of the Corporation and have authority to settle and adjust claims by and against the Corporation.

PRODUCTION AND MARKETING ADMINISTRATION

Summary of Appropriations, 1950 and Estimates, 1951
(Amounts Shown Include Estimated Pay Adjustment Supplementals)
(Note.--Figures in brackets [] not included in totals)

Item	Total anticipated available, 1950 a/	Budget Estimates, 1951	Increase (+) or Decrease (-)
Commodity Credit Corporation: (administrative expenses from Corporation funds)	b/[$15,420,000]	[$16,750,000]	[+$1,330,000]
Conservation and use of agricultural land resources	257,043,439	285,000,000	+27,956,561
Acreage allotments and marketing quotas	30,150,774	34,000,000	+3,849,226
Sugar Act	60,000,000	67,500,000	+7,500,000
Removal of surplus agricultural commodities (30% of customs receipts)	125,606,982	110,000,000	-15,606,982
National School Lunch Act	83,500,000	83,500,000	- -
Marketing Services:			
Market news service	1,948,135	2,274,300	+326,165
Market inspection of farm products	778,500	782,800	+4,300
Marketing farm products	1,158,100	1,187,000	+28,900
Tobacco Acts	1,672,500	1,682,100	+9,600
Cotton Statistics, Classing, Standards and Futures Acts	1,712,800	1,726,200	+13,400
Marketing Regulatory Acts	3,528,900	3,747,600	+218,700
Total, Marketing Services	b/ 10,798,935	11,400,000	+601,065
Total	567,100,130	591,400,000	+24,299,870
Deduct:			
Amount included under "Marketing Services" for increased travel costs transferred from "Removal of Surplus Agricultural Commodities, Department of Agriculture"	166,735	- -	-166,735
Amounts included under "Marketing Services" for P.L. 429 pay adjustment costs proposed to be transferred from "Supply and Distribution of Farm Labor, Department of Agriculture"	193,700	- -	-193,700
Permanent appropriation available Removal of surplus agricultural commodities (Sec. 32 funds) ...	125,606,982	110,000,000	-15,606,982
Total, direct annual appropriation or estimate	441,132,713	481,400,000	+40,267,287

a/ Adjusted for comparability with appropriation structure proposed in the 1951 Budget Estimate.

b/ Includes anticipated supplemental of $100,400 for rental increase.

COMMODITY CREDIT CORPORATION

Purpose Statement

Origin - The Commodity Credit Corporation was organized October 17, 1933 under the laws of the State of Delaware, as an agency of the United States. From October 17, 1933 to July 1, 1939, the CCC was managed and operated in close affiliation with the Reconstruction Finance Corporation. On July 1, 1939, the CCC was transferred to the U. S. Department of Agriculture by the President's Reorganization Plan I. Approval of the Commodity Credit Corporation Charter Act on June 29, 1948 (Public Law 806, 80th Cong.), established the CCC, effective July 1, 1948, as an agency and instrumentality of the United States under a permanent Federal charter. The charter was amended by Public Law 85, 81st Congress on June 7, 1949.

Management - The CCC is managed by a board of directors, subject to the general supervision and direction of the Secretary of Agriculture, who is an ex-officio director and chairman of the board. The board consists of six members (in addition to the Secretary of Agriculture), who are appointed by the President of the United States by and with the advice and consent of the Senate.

Price Support - The Commodity Credit Corporation is the instrumentality through which agricultural commodity prices are supported. Under the Agricultural Act of 1949, price support is required for (a) basic commodities (cotton, corn, wheat, tobacco, rice and peanuts) and (b) designated nonbasic commodities (wool, mohair, tung nuts, honey, Irish potatoes, milk, butterfat, and the products of milk and butterfat). Price support for nonbasic agricultural commodities, other than the designated commodities, is not mandatory but is authorized under legally prescribed conditions.

Supply purchases - Another important program of the CCC is the procurement of agricultural products to meet the needs of U. S. Government agencies (principally those administering relief programs abroad), cash-paying foreign governments, and international relief agencies. The CCC also has authority to purchase abroad commodities to meet both domestic and foreign requirements, and to carry out certain exchange operations. Procurement is made during peak marketing seasons and is closely coordinated with the price support program to provide the maximum benefit to American agriculture. The Act of July 16, 1943 requires that the Corporation be fully reimbursed for services performed, losses sustained, and operating costs incurred for commodities purchased or delivered to or on behalf of any other Government agency. Supply program participants are usually required to advance funds in an amount to equal the estimated costs of the commodities to be procured.

The Corporation may, with the consent of the agency concerned, utilize facilities of any other agency of the Federal Government. The Corporation, under this authority, makes extensive use of the personnel and facilities of the Production and Marketing Administration in carrying out Corporation activities.

The costs of CCC price support activities are financed from its capital funds which are derived from its authorized capital stock of $100,000,000 and its authority to borrow $4,750,000,000 on the credit of the United States. The bulk of these costs result from loans, the purchase of commodities, carrying charges and related expenditures in connection with commodities owned by the Corporation, direct losses, and interest charges. Offsetting these costs are receipts from sale of commodities and interest income.

	Estimated, 1950	Budget estimate, 1951
Administrative expense limitation	$15,420,000	$16,750,000

COMMODITY CREDIT CORPORATION

Introduction

The Commodity Credit Corporation engages in buying, selling, lending and other activities with respect to agricultural commodities and products thereof, foods, feeds and fibers for the purpose of stabilizing, supporting, and protecting farm income and prices, assisting in the maintenance of balanced and adequate supplies of such commodities and facilitating the orderly distribution thereof. The Corporation operates under the provisions of the Commodity Credit Corporation Charter Act (Public Law 806, 80th Congress, approved June 29, 1948), as amended, (Public Law 85, 81st Congress, approved June 7, 1949). This Charter confers upon the Corporation necessary authority to carry out its activities. Congress, however, has established the policies under which the Corporation will carry out its price support programs during the fiscal year 1951, in the Agricultural Act of 1949 (Public Law 439, 81st 81st Congress, approved October 31, 1949).

This legislation makes it mandatory that the Corporation support the price of basic commodities (corn, cotton, peanuts, rice, tobacco, and wheat) for which acreage allotments or marketing quotas are in effect at 90% of the parity price for the 1950 crops. Acreage allotments or marketing quotas are in effect on these commodities and the support price must, therefore, be established at 90%. In addition, this legislation requires the support of prices of certain designated non-basic commodities (wool, including mohair, tung nuts, honey, Irish potatoes, milk, butterfat, and the products of milk and butterfat). The price of wool must be supported at such level not in excess of 90% nor less than 60% of the parity prices as is determined necessary in order to encourage the annual production of approximately 360 million pounds of shorn wool. The price of tung nuts, honey, and potatoes must be supported between 60 and 90% of parity while whole milk and butterfat and the products of such commodities must be supported at such level not in excess of 90% nor less than 75% of the parity price as the Secretary determines necessary in order to insure an adequate supply. The Corporation is authorized to support prices through loans and purchases, and utilizes different methods of supporting prices of different commodities based on normal trade practices, the perishability of the commodity concerned and other similar factors. On the basis of the assumptions outlined below it is not anticipated that prices of any commodity other than those specifically mentioned in the budget document and discussed in the following notes will have to be supported. The Corporation, however, is authorized to support the price of other agricultural commodities. If unfavorable conditions should develop, the Corporation might carry out operations on commodities not now listed in the budget. On the other hand, the strengthening of the position of any commodity could similarly make it unnecessary to carry out budgeted operations for that commodity.

The management of the Corporation is vested in the Board of Directors, consisting of six members in addition to the Secretary of Agriculture. The Secretary is an ex officio director and serves as Chairman of the Board. Administrative services are performed for the Corporation by the employees of the Production and Marketing Administration and the Corporation assumes its equitable share of the Production and Marketing

Administration personnel and other costs. The Corporation also utilizes the services of other agencies when it is advantageous to do so. The Corporation is fully reimbursed for all administrative services incident to the Supply Program activities undertaken for Government agencies, foreign governments, private relief agencies, and others.

Basic Assumptions

Since financial demands on the Corporation are determined by factors largely unpredictable, such as weather conditions and the level of economic activities, it is necessary to make basic assumptions concerning these factors in order to estimate financial requirements. The basic assumptions used in preparing the 1951 budget are as follows:

1. Production of 1950 crops will continue above pre-war levels but will be somewhat lower than the record and near record crops of 1948 and 1949. This assumed reduction was based primarily on the assumption that acreage allotments or marketing quotas will be in effect for all basic crops and that acreage allotments will be in effect for some non-basic commodities.

2. National income and industrial activity will decrease supplies below 1949 levels in the fiscal year 1950, and the 1951 fiscal year levels will be maintained very close to the 1949 levels.

3. Domestic demand for agricultural commodities will run high, but shifts in demand for specific commodities will be apparent. Foreign demand for United States products in the fiscal year 1950 will be slightly below the fiscal year 1949 level and the downward trend will be continued in the fiscal year 1951.

4. Agricultural prices may trend slightly downward. The general level of agricultural commodity prices, however, will be near parity.

5. The Corporation will be required to procure a limited number of commodities under its Supply Program to meet the needs of occupied areas and the Economic Cooperation Administration in the fiscal year 1951. The Corporation may also be required to procure some commodities, primarily sugar, in foreign countries to meet the needs of the ECA and Army for feeding of the occupied areas.

6. The total agricultural production of 1949 and 1950 crops in Western Europe will improve but will continue to be somewhat below pre-war levels and food imports into Western Europe from Eastern Europe will increase slightly.

7. The Corporation's request for an increase in borrowing authority will be approved.

Program Operations

The budget of the Corporation for the fiscal year 1951 is based on six types of programs carried out under its charter and other statutory authority. These programs are:

1. Price support program.--Through loans on or purchase of agricultural commodities, and other operations, stabilizes the farm price of agricultural commodities by assuring farmers a minimum price or by removing and disposing of burdensome surpluses.

2. Supply program.--Procures foods, agricultural commodities and products thereof, and related materials to supply requirements of United States Government agencies, foreign governments, and relief and foreign-aid-programs.

3. Foreign purchase program.--Purchases abroad such foods, agricultural commodities and products thereof, and related facilities as are needed to meet both foreign and domestic requirements.

4. Commodity export program.--Exports or causes to be exported, and aids in the development of export markets for agricultural commodities and products thereof for the purpose of retaining and expanding foreign markets for products produced in the United States, and of aiding in the disposal of commodities in excess of domestic needs.

5. Storage facilities program.--Through purchase and maintenance, loans, storage use guarantees and such other operations as may be necessary, the Corporation provides and encourages the increase in storage capacity necessary to carry out the Corporation's programs efficiently and effectively.

6. Loan to Secretary of Agriculture for agricultural conservation programs.--Under provisions of the Agricultural Adjustment Act of 1938, as amended, the Corporation loans to the Secretary of Agriculture each fiscal year such sums, not to exceed $50,000,000, as the Secretary estimates will be required to make advances of conservation materials for the agricultural-conservation program. These loans are repaid, with interest, from funds appropriated to carry out sections 7 to 17 of the Soil Conservation and Domestic Allotment Act.

The following summaries cover the various operations which the Corporation anticipates will be required to carry out during the fiscal year 1951. Each operation is designed to supplement and is a part of one of the above six types of programs. Generally it should be noted that any variations from the conditions assumed will result in changes in the volume and character of operations thereby making those estimates subject to change as is indicated on a number of the following notes as in the case of cotton, cottonseed, etc.

A separate explanatory statement is not included under loans to the Secretary of Agriculture, which are made in accordance with Section 391(c) of the Agricultural Adjustment Act of 1938, as amended, since this program is fully described on pages 1236 and 1237 of the printed budget.

The financial statements and supporting schedules included in the budget furnish an analysis of each of the different types of operations carried out by the Corporation. Schedule A-1 summarizes the receipts and expenditures of the Corporation by individual commodity and program and reflects the effects of the transactions on the government's budgetary expenditures; schedule B-1, Part 2 summarizes all income and expense elements distributed by individual commodities and programs while schedule B-1, Part 1 summarizes all purchase and sales activities; and schedule C-3 reflects all loan operations. These schedules summarize all of the financial operations of the Corporation under each of the activities described in the following pages.

PRICE SUPPORT PROGRAM, Basic Commodities

Corn

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of corn at 90 percent of parity as of October 1, 1949 and to promote orderly marketing.

Eligibility: Eligible commodity is ear or shelled corn produced in 1949. Corn placed under loan must grade No. 3 or better, or No. 4 on test weight only and must meet moisture requirements for safe storage. Corn delivered under a purchase agreement must grade No. 3 or better, or No. 4 on test weight only.

Eligible participants are producers of 1949 crop corn.

Operations: Nonrecourse loans and purchase agreements are available from about August 1, 1949 through May 31, 1950, except that State PMA committees shall determine the final availability date in areas where it is determined that producers cannot safely store corn for the full storage period. Support rates are equal to 90 percent of parity as of October 1, 1949 which averages nationally about $1.40 per bushel. Loans will bear interest at the rate of 3 percent per annum and may be obtained through lending agencies or direct from the Corporation. Loans will be made on a note-and-chattel mortgage basis for corn stored in approved farm-storage structures, and on a note-and-loan agreement basis for that stored in approved public warehouses. Unless demand is made earlier, loans will be due July 31, 1950, and producers who elect to deliver corn under a purchase agreement must notify the county committee of such intention within the 30-day period ending July 31, 1950. If corn is not in safe storage, PMA committees may establish an earlier delivery period which shall be the first ten days of either May, June, or July 1950. The Corporation will accept delivery of such corn during the 10-day period, provided the producer notifies the county committee of his intention to deliver, not later than 10 days prior to the first day of the 10-day period.

Authority: Commodity Credit Corporation Charter Act (Public Law 806, 80th Congress)--particularly section 5(a); and section 1(a) of the Agricultural Act of 1948 (Public Law 897, 80th Congress).

BASIS, 1951 ESTIMATE: The budget estimate is based on acreage controls for the 1950 corn crop. With such controls, production is estimated at 2,887 million bushels which is substantially below the 1949 crop of 3,378 million bushels. Carryin stocks at the beginning of the 1950 crop year are estimated at about 1,200 million bushels making a total supply of 4,087 million bushels. Livestock numbers are expected to be about the same as for 1949-50, therefore domestic disappearance will be around 3,000 million bushels. Since requirements are estimated to be slightly larger than the 1950 crop production and since the Corporation will be holding a major portion of the carryin stocks, it is assumed that prices to farmers will be at or near the support level. Thus, it is estimated about

50 percent of the estimated loans made of 300 million bushels will probably be redeemed prior to the end of the fiscal year. Delivery of collateral during fiscal year 1951 in settlement of loans and purchase agreements made, primarily on the 1949 crop, is estimated to be 500 million bushels.

Present outlook: Total estimated corn carryout stocks from the 1949 crop have decreased since the budget was prepared. This decrease is due to downward revisions of the 1949 crop estimate, slightly larger exports, and some increase in domestic use, primarily due to an anticipated increase in hog production. Accordingly, CCC stocks on June 30, 1951, may not be as large as was anticipated when the budget was prepared. Also, loans outstanding on the 1950 crop may be slightly lower than the amount reflected in the budget.

PRICE SUPPORT PROGRAM, Basic Commodities

Cotton, Upland

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of cotton at 90 percent of parity as of the beginning of the marketing year and to promote orderly marketing.

Eligibility: Eligible commodity is upland cotton produced in 1949 of specified grade and staple length in bales of at least 300 pounds not compressed to high density. Eligible participants are producers of 1949-crop upland cotton with legal right to pledge it as security for a loan, and cotton cooperative marketing associations which have entered into agreements with CCC.

Operations: Nonrecourse loans are available in all cotton-producing States from August 1, 1949 through April 30, 1950 to individual producers, and through May 15, 1950 to cotton cooperative marketing associations.

The average loan rate for Middling 7/8 inch upland cotton, gross weight, is 27.23 cents per pound (90 percent of the August 1 parity of 30.26 cents per pound). Premiums and discounts, with appropriate location differentials, apply for each of the other qualities of eligible cotton. Interest is at the rate of 3 percent per annum.

Loans are made on warehouse-stored cotton, on farm-stored cotton secured by cotton chattel mortgages and on cotton covered by bills of lading in areas where there is a shortage of storage space. Loans are obtained by producers from approved lending agencies or direct from the Corporation, and by cotton cooperative marketing associations direct from the Corporation. All cotton must be classed by a Board of Cotton Examiners; the fee for classing is 25¢ per bale.

Producers' fees on farm-storage loans collected by county committees include $1.00 per bale, with a minimum of $3.00 per loan, to cover cost of handling the loan, and $1.00 per bale for a redeemable deposit to guarantee delivery. Warehousemen may collect a service fee of not to exceed 25¢ per bale. Clerks assisting producers in preparing loan documents may charge fees ranging from 25¢ to 5¢ a bale, graduated according to the number of bales. Receiving agencies which are not warehousemen may collect a service fee of not to exceed $1.00 per bale on cotton represented by bills of lading.

Storage rates are 33¢ and 38¢ per bale per month or fraction thereof, respectively, for storage in warehouses operating or not operating compress facilities, or the warehouseman's published tariff, whichever is lower. Any other charges assessed by the warehouseman will be at rates shown in his published tariff.

Authority: Commodity Credit Corporation Charter Act (Public Law 806, 80th Congress); and section 1(a) of the Agricultural Act of 1948 (Public Law 897, 80th Congress).

BASIS, 1951 ESTIMATE: The budget estimate is based on the assumption that 1950-crop cotton production will be reduced to 11-5 million based by cotton acreage allotments and marketing quotas. With an estimated carryover of over 7.7 million bales and imports amounting to approximately 200,000 bales, the total supply in 1950-51 will be in excess of 19 million bales. It is assumed that domestic disappearance will amount to 8 million bales and that exports will be 5 million bales, leaving a carryout at the end of 1950-51 marketing season of approximately 6.4 million bales. It is also assumed that approximately 2 million bales of the estimated carryover will be in commercial stocks.

Based on the above assumptions, it is estimated that loans will be made on 3 million bales of the 1950 crop. It is also estimated (a) that repayments will be made on 1.5 million bales of the 1950 crop and on 500,000 bales of the 1949 crop in the fiscal year 1951, (b) that 2.5 million bales of 1949-crop cotton will be acquired by CCC in the fiscal year 1951, and (c) that 2.0 million bales of 1948 and 1949-crop cotton will be sold in fiscal year 1951.

Present outlook: When the budget estimates were prepared, the 1949 crop production was estimated at 15,212,000 running bales. The latest crop report indicates the 1949 crop production at 15,769,000 running bales (16,034,000, 500-lb. gross weight), or an increase of over 500,000 bales. With domestic disappearance and imports at the levels estimated in the Budget, it is estimated that this increase will be carried over into the crop year 1950. This would make the carryover into crop year 1950 about 8.2 million bales compared with the 7.7 million bales estimated when the budget was formulated.

Due primarily to these heavy carryover stocks into the crop year 1950, it is now estimated that new loans will increase substantially over the 3 million bales as shown in the budget for the fiscal year 1951. Also, loans outstanding at the end of the fiscal year and inventory acquisitions may be larger than that reflected in the 1951 budget estimates.

PRICE SUPPORT PROGRAM, Basic Commodities

Peanuts

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of peanuts at 90% of parity, to promote orderly marketing, and to stabilize prices.

Eligibility: Eligible peanuts are defined as peanuts of the 1949-crop produced by cooperators. Peanuts produced by non-cooperators are defined as excess peanuts. Eligible participants under the 1949 crop operations are producers and dealers.

Operations: Nonrecourse loans are available to producers who are cooperators at 90 percent of parity as of August 1, 1949. Eligible peanuts are supported at prices equivalent to 90 percent of the August 1 parity, and excess peanuts are supported at 54 percent of the August 1 parity. This provides an average support level of 10.5 cents per pound. Loans are made on a note-and-chattel mortgage basis for peanuts stored in approved structures on or off the farm. Loans are available from August 1, 1949 through January 31, 1950, maturing June 1, 1950, or earlier on demand. Interest is at the rate of 3 percent per annum.

Purchases of farmers' stock peanuts from producers will be made from August 1, 1949 through June 15, 1950 at points designated by the Corporation where storage facilities are available. Purchases of farmers' stock peanuts at not less than 90 percent of parity may be made from dealers between December 1, 1949 and April 30, 1950, provided the dealer has executed a contract with the Corporation which states that the dealer will pay cooperators not less than support prices for eligible peanuts purchased. No. 2 shelled peanuts will be purchased from dealers operating under the dealer contract at a price the Corporation is required to pay for a like quantity of sound mature kernels in farmers' stock peanuts, and the Corporation will pay for other kernels their crushing value.

Recourse loans will be made to peanut shellers on the pledge of eligible farmers' stock peanuts purchased by them, provided such peanuts are placed under loan within 30 days after purchase from producers. Such loans may be obtained from lending agencies or the Corporation. Interest is at the rate of 3 percent per annum.

Authority: Commodity Credit Corporation Charter Act (Public Law 806, 80th Congress)—particularly section 5(a); and section 1(a) of the Agricultural Act of 1948 (Public Law 897, 80th Congress).

BASIS, 1951 ESTIMATE: This estimate is based on an estimated 1950 crop of 1,435 million pounds of farmers' stock peanuts assuming a national acreage allotment of 2.1 million acres and a picked and

threshed acreage of 2.05 million acres with a yield of 700 pounds per acre picked and threshed. Domestic disappearance is estimated at 1,369 million pounds of which about 1,140 million pounds will be used for edible purposes at prices equal to or above support prices. Exports are estimated at 66 million pounds of which 30 million pounds will be sold at or above support prices. The total surplus, therefore, is estimated at 265 million pounds and the Corporation will probably acquire these surplus stocks. It is anticipated that the surplus supply will be sold domestically at reduced prices for crushing into oil and meal except that a small amount may be exported in accordance with the terms of 112(f) of the Economic Cooperation Act of 1948.

PRICE SUPPORT PROGRAM, Basic Commodities

Rice

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of rice at 90 percent of parity as of the beginning of the marketing year and to promote orderly marketing.

Eligibility: Eligible commodity is 1949-crop rough rice and must grade U. S. No. 4 or better, having a head yield of not less than 25 pounds per 100 pounds of rough rice, and must contain not more than 14½ percent moisture (not more than 15 percent in California).

Eligible participants are producers and associations of producers.

Operations: Nonrecourse loans are available from harvest through January 31, 1950, and will mature April 30, 1950, or earlier on demand. Loans are made on a note-and-chattel mortgage basis for rice stored on the farm and on a note-and-loan agreement basis when stored in approved warehouses. Loans may be obtained from approved lending agencies or direct from the Corporation. Interest is at the rate of 3 percent per annum. Loan rates, which average about $3.96 per hundredweight, reflect to producers 90 percent of parity as of August 1, 1949. Premiums and discounts apply for the various varieties, grades, and milling quantities.

Purchase agreements are offered to producers from harvest through January 31, 1950. Producers desiring to sell rice to the Corporation under a purchase agreement will have a 30-day period during which to declare his intention to sell. This period will end on April 30, 1950, or such earlier date as may be determined by the Corporation. The producer will not be obligated to sell any specified quentity; however, the amount specified in the purchase agreement will be the maximum quantity that may be delivered. Rice delivered will be purchased at the applicable support price.

Authority: Commodity Credit Corporation Charter Act (Public Law 806, 80th Congress)--particularly section 5(a); and section 1(a) of the Agricultural Act of 1948 (Public Law 897, 80th Congress).

BASIS, 1951 ESTIMATE: The budget estimate is based on an estimated production of about 34.2 million hundredweight (76 million bushels) from the harvesting of 1.65 million acres. This production plus estimated carryin stocks of about .7 million hundredweight (15.6 million bushels) will provide a total supply of 41.2 million hundredweight (91.6 million bushels). The market price of higher quality rice is expected to be at or above support levels. Substantial quantities of rice which meet only minimum eligibility requirements for price support, however, will probably be delivered to the Corporation in settlement of loans and purchase agreements. Sales during 1951 of carry-over stocks and new acquisitions are estimated at 3.56 million hundredweight (7.91 million bushels); thus, CCC-owned stocks are expected to be reduced to .85 million hundredweight (1.89 million bushels) by June 30, 1951.

PRICE SUPPORT PROGRAM, Basic Commodities

Tobacco

SUMMARY OF LATEST OPERATIONS:

Objective: To support the average prices received by farmers at statutory minimum levels.

Eligibility: Eligible commodity is 1949-crop tobacco grown in the United States and Puerto Rico. Persons eligible for loan are growers who have not produced in excess of their farm acreage allotment for those types on which quotas are in effect, namely, flue-cured, Burley, fire-cured, and dark air-cured and growers of all other types.

Operations: Nonrecourse loans are offered to cooperators at 90 percent of parity on all types of tobacco except fire-cured and dark air-cured for which the rate will be 75 and 66-2/3 percent, respectively, of the Burley rate. The rate to non-cooperating growers is 60 percent of the rate for cooperating growers. The loan levels, based on the parity price as of June 15, 1949 for flue-cured and on the parity price as of September 15, 1949 for the other types, are:

Kind of tobacco	Cents per pound
Flue cured	42.5
Burley	40.3
Fire-cured	30.2
Dark air-cured	26.9
Maryland	41.8
Cigar binder and filler	28.7

Periods during which loans will be made, except those necessary to cover carrying and handling charges, are:

	Earliest Date	Latest Date
Flue-cured	July 1, 1949	Feb. 28, 1950
Burley, fire-cured, dark air-cured	November 1, 1949	April 30, 1950
Maryland	April 1, 1950	Sept. 30, 1950
Cigar filler and binder (except P. R.)	Sept. 1, 1949	July 31, 1950
Puerto Rican	Feb. 1, 1950	Sept. 30, 1950

Loans bear interest at the rate of 3 percent per annum and mature on demand, but not later than January 1, 1952, unless extended by the Corporation.

Loans are made through grower-cooperative associations or other responsible organizations which act for groups of growers in receiving, handling, and selling their tobacco. No commercial insurance is carried on tobacco collateral. In lieu thereof the Corporation assumes the major insurable risks and the loan account of each cooperative is charged 1-1/2 cents per month per $100 outstanding on the principal, except in the case of Puerto Rican tobacco the charge is 3 cents per $100 per month.

Under the loan agreements the cooperative bears overhead costs in connection with the loan operation in an amount not less than 12 cents per cwt. and is authorized to charge the grower an amount equal to 12 cents per cwt.

Authority: Commodity Credit Corporation Charter Act (Public Law 806, 80th Congress)--particularly section 5(a); section 1(a) of the Agricultural Act of 1948 (Public Law 897, 80th Congress); and section 2 of the Act of July 28, 1945 (62 Stat. 1250).

BASIS, 1951 ESTIMATE: The budget estimate is based on the assumption that 1950-crop tobacco production will probably drop to 1,935 million pounds due to a decrease in the Burley, fire-cured and dark air-cured quotas as well as a slightly lower yield per acre for all types. The slightly lower yield is assumed since the 1948 and 1949 crop yields were exceptionally high and consequently, slightly lower yields are anticipated under projected "normal" growing conditions.

With a carry-over estimated to amount to over 3.3 billion pounds at the beginning of the 1950 crop year and with imports estimated at 88 million pounds, the total supply in the 1950-51 marketing year will be in excess of 5.3 billion pounds. It is estimated that domestic consumption will continue at current levels (1,575 million pounds) but that exports will decline slightly to 495 million pounds in the 1950-51 marketing year. While the total disappearance(about 2,070 million pounds) in the 1950-51 marketing year will reduce the carry-over slightly, it is believed that the trade will be reluctant to assume customary inventory risks due to the uncertainty of the export market resulting from the shortage of dollar exchange.

Based on these assumptions, it is estimated that CCC will make loans on more than 200 million pounds of the 1950 crop and will have 309.8 million pounds of the 3,279 million pound carry-over under loan at the end of the fiscal year 1951.

It is expected that some loss will be incurred by CCC during the fiscal year 1951 due to write-offs on loans.

PRICE SUPPORT PROGRAM, Basic Commodities

Wheat

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of wheat at 90% of parity and to promote orderly marketing.

Eligibility: Eligible commodity is wheat produced in 1949 and grading U. S. No. 3 or better, or grading U. S. No. 4 or No. 5 because of test weight only. Eligible participants are producers of 1949-crop wheat.

Operations: Nonrecourse loans are available from harvest through January 31, 1950 and will mature April 30, 1950, or earlier on demand. Loans are made on a note-and-chattel mortgage basis for wheat stored on the farm and on a note-and-loan agreement basis when stored in approved warehouses. Loans may be obtained from approved lending agencies or direct from the Corporation. Farm support prices average $1.96 per bushel, which is equal to 90% of parity as of July 1, 1949. Loans will bear interest at the rate of 3 percent per annum. A storage allowance of 7 cents per bushel for farm stored wheat will be made at time of delivery to the Corporation.

Purchase agreements are offered to producers from harvest through January 31, 1950. A producer desiring to deliver wheat to the Corporation under a purchase agreement must declare his intentions to sell within a 30-day period ending on April 30, 1950, or ending on such earlier date as may be determined by the Corporation. The producer is not obligated to sell any specified quantity; however, the number of bushels specified in the purchase agreement is the maximum quantity that may be delivered. The purchase price will be the applicable support rate established for the wheat at the approved point of delivery.

Direct purchases may be made at applicable support rates in South Carolina and Georgia since wheat cannot be stored safely for any extended period of time in these States.

Authority: Commodity Credit Corporation Charter Act (Public Law 806, 80th Congress)--particularly section 5(a); and section 1(a) of the Agricultural Act of 1948 (Public Law 897, 80th Congress).

BASIS, 1951 ESTIMATE: The Budget estimate is based on acreage allotments. With these controls, it is estimated that the wheat supply will be 1,484 million bushels - 1950 crop production of 1,170 million bushels from 71 million harvested acres and carry-in stocks of

314 million bushels. Domestic consumption is estimated to be 700 million bushels; exports are estimated at approximately 350 million bushels; and it is also estimated that commercial channels and producers will hold about 109 million bushels. Thus, it is estimated that the supply will exceed available outlets by 325 million bushels. Since it is anticipated that markets will not be available at or above support prices for the 325 million bushels, it is assumed that the full amount will be delivered to the Corporation toward the end of the fiscal year in settlement of loans and purchase agreements. Total loans made are estimated at 370 million bushels and the total quantity to be covered by purchase agreements is estimated at 50 million bushels. Sales of price support stocks to the Department of the Army, countries participating in ECA programs, and other buyers are estimated at 225 million bushels.

PRICE SUPPORT PROGRAM, Designated Nonbasic Commodities

Honey

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of honey.

Eligibility: Eligible commodity was dark-color, strong-flovored honey grading U. S. Grade A, packed in 60-pound cans, two cans to a wooden case, strapped and ready for export.

Eligible participants were individual beekeepers, associations of beekeepers, assemblers, processors, or their authorized agents.

Operations: Honey purchases were authorized from January 23, 1948 to May 31, 1948 on an offer-and-acceptance basis, with priority given to carload shipments. Purchases from vendors other than beekeepers were conditioned upon such vendors certifying to the Corporation that beekeepers had received for the honey not less than 10 cents per pound at point of delivery to such vendor. The following methods of disposition were authorized: (1) sales for export to foreign governments and their purchasing agents, U. S. Government agencies for foreign relief feeding, to relief agencies, to public international organizations such as United Nations, to private exporters, and to foreign importers; (2) sales in domestic channels for human consumption, but only if such sales would not have a depressive effect upon the domestic commercial market for honey; and (3) sales in domestic commercial channels for disposition other than as human food.

Authority: Corporate Charter--Article Third, paragraph (b); section 7 (a) of the Act of January 31, 1935, as amended (15 U.S.C. 713, Sup. V); section 4(b) of the Act of July 1, 1941, as amended (15 U.S.C. 713a-8 (b), Sup. V); and section 11(e) of the Foreign Aid Act of 1947 (P.L. 389, 80th Congress).

BASIS, 1951 ESTIMATE: Honey was made a designated non-basic commodity on which mandatory support on all honey is required under the provisions of section 201(a) of the Agricultural Act of 1949. This Act provides that honey shall be supported by loans and purchases at a level not in excess of 90% nor less than 60% of its parity price. The details of the support program are now being developed. This estimate is based or a probable production of about 200 million pounds, a total supply of approximately 245 million pounds, and domestic utilization and exports of about 215 and 15 million pounds, respectively. It is expected that the Corporation will be required to purchase about 15 million pounds. There appears to be little, if any, possibility of selling the honey acquired in normal trade channels at levels specified in Section 407 of the Agricultural Act of 1949, since domestic market prices are expected to reflect approximately support prices. Present plans for disposition are for donations of all stocks acquired under the provisions of Section 416 of the Agricultural Act of 1949, or through diversion or export programs.

PRICE SUPPORT PROGRAM, Designated Nonbasic Commodities

Milk and Butterfat

SUMMARY OF LATEST OPERATIONS:

Objective: To support the general levels of prices to producers for milk and butterfat and the products of such commodities from January 1950 to March 1951.

Eligibility: Eligible dairy products must be produced and located in the continental United States and must be in units of not less than tariff minimum carlots for the area where the products are located. Under present operations the following products are eligible:

Butter must be U. S. Grade B or higher, solid packed in commercial containers.

Nonfat dry milk solids must be spray and roller process, U. S. Extra Grade, packed in export containers.

Cheese must be American Cheddar of U. S. Grade A or higher, packed in commercial domestic or export containers.

Evaporated milk must contain not less than 7.9% milk fat and 25.9% total milk solids and be packed in 14-1/2 Oz. cans with 48 cans in a commercially acceptable box.

Operations: Purchases will be made on the basis of offers and acceptances pursuant to announcements setting forth the terms and conditions of purchase. Purchase contracts will be dated after December 31, 1949 and not later than March 31, 1951. The Corporation has assured an open announcement to buy carlots f. o. b. any location at the following prices:

Cheddar cheese, U. S. Grade A or higher	31¢ per lb.
Butter: U. S. Grade A or higher	60¢ per lb.
U. S. Grade B	58¢ per lb.
Nonfat dry milk solids, U. S. Extra: spray type.	12½¢ per lb.
roller type.	10½¢ per lb.
Evaporated milk	$3.95 per case

Authority: Commodity Credit Corporation Act, as amended (62 Stat. 1070, 63 Stat. 154), particularly section 5(a); and Title II of the Agricultural Act of 1949 (Public Law 439, 81st Congress).

BASIS, 1951 ESTIMATES: The a nticipated record supplies of feeds will encourage continued heavy feeding and high milk production per cow, and, as a result, total milk production may increase slightly to an estimated 118 billion pounds. Since it is assumed that domestic consumption probably will continue at or near the 1949 level and exports will decline due to dollar exchange difficulties

and improved European production, it is anticipated that production will moderately exceed demand at support price levels. Under such conditions, the commercial storage demand for dairy products may be particularly weak during the heavy producing months and it may be necessary for CCC to make substantial purchases during these months to prevent returns to producers of milk and butterfat from declining to substantially below the support level. While part of the s upplies may be sold back into trade channels in subsequent winter months of light production, it is anticipated that a substantial portion of the balance will be diverted from normal trade channels to other outlets.

PRICE SUPPORT PROGRAM, Designated Nonbasic Commodities

Mohair

Mohair was made a designated nonbasic commodity on which mandatory support is required under the provisions of section 201(a) of the Agricultural Act of 1949. This act provides that mohair shall be supported by loans, purchases, or other operations at a level not in excess of 90% nor less than 60% of its parity price. Since mohair has not been supported during the past ten years, a description of latest operations is not given. The details of the operations for supporting the price of mohair have not yet been completed.

BASIS, 1951 ESTIMATE: No great change in the demand for mohair is anticipated. However, since support prices will have to be established for individual grades, it is expected that substantial quantities of some grades will move into CCC hands, depending upon market price fluctuations for the different grades. It is anticipated that as much as one-third of the mohair produced may be acquired under the program.

Since the market price level is not expected to rise sufficiently above the support level to absorb the quantities purchased, the Government may hold mohair stocks for an indefinite period. U. S. prices are higher than world prices as a result of our tariff, so that losses from sales abroad would be substantial.

PRICE SUPPORT PROGRAM, Designated Nonbasic Commodities

Potatoes

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of potatoes; to promote maximum utilization of the crop and minimize waste and spoilage; and to encourage acreage adjustment.

Eligibility: Eligible potatoes are 1949-crop potatoes. Eligible participants are producers who have complied with their individual acreage allotments, or persons other than producers, including contracting dealers and processors, who have paid not less than support prices to eligible producers.

Operations: Purchases of 1949-crop potatoes in fresh or processed form will be made through June 30, 1950. Prices for fresh potatoes are being supported at a national average of $1.10 per bu. which represents 60 percent of parity as of January 1, 1949. Allowances are made for marketing services performed. Disposition is by sale to programs under Section 32 and to U. S. Government agencies, by sales to export outlets, domestic commercial channels, manufacturers of products made from potatoes, for use as livestock feed and in other domestic outlets, except that potatoes harvested from land infested with golden nematode shall not be sold for livestock feed.

Recourse loans were made on late crop potatoes from September 15 through December 15, 1949. All loans will mature on demand but not later than April 30, 1950, and bear 3 percent interest. Loans are obtainable directly from CCC or from lending agencies. Loan rates are at levels which reflect 75 percent of the September support price computed for bulk ungraded potatoes on the farm. Borrower may offer to sell loan collateral to CCC and apply proceeds of the sale on his loan.

Authority: CCC Charter Act (P. L. 806, 80th Congress), particularly section 5(a), and the Agricultural Act of 1948 (Public Law 897, 80th Congress).

BASIS, 1951 ESTIMATE: This estimate is based on assumed normal weather conditions normal yields, and substantial compliance with commercial acreage allotments (commercial acreage represents about 60 percent of total acreage). It is estimated that support purchases will be necessary in some areas even though prices on a total basis may be above the support level. It is also estimated that potatoes will continue to be supported in fiscal year 1951 at 60 percent of parity. If weather conditions average better than normal or if commercial acreage exceeds the goal, the surplus could be 25 to 35 million bushels larger than indicated, and additional support operations may be required.

PRICE SUPPORT PROGRAM, Designated Nonbasic

TUNG NUTS

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of tung nuts at $60 per ton which is approximately 60% of estimated parity.

Eligibility: Producers of tung nuts. Eligible commodities are the 1949 crop of tung nuts and/or the tung oil produced therefrom. Tung oil delivered must be accompanied by a certificate by the producer that tung oil so delivered was processed for his account from tung nuts produced by him and that he has retained title to such oil.

Operations: Price support for the 1949 crop will be carried out through purchase agreements with producers under which producers may deliver to CCC at $60 per ton, or the equivalent in producers oil at 22.7 cents a pound, f.o.b. at shipping point. Purchase agreements are offered to producers on or about January 1 through January 31, 1950, which period may be extended not more than 30 days if it is determined that such extension is necessary in order to make price support available to all producers of the 1949 crop of tung nuts. A producer electing to deliver tung nuts must declare his intentions within a 30-day period ending March 31, 1950, or ending on such earlier date as may be determined by the Corporation. A producer electing to deliver tung oil must declare his intentions within a 30-day period ending June 30, 1950, or such earlier date as may be determined by the Corporation. A producer, at his option, may deliver tung oil in lieu of tung nuts, and may deliver at the support price any quantity of tung nuts or oil within the maximum of tung nuts specified in the purchase agreement executed by him provided the oil was processed for his account from tung nuts produced by him and provided the producer retained title to such oil.

Producers shall pay transportation charges for tung nuts delivered to CCC, except that if CCC should require the producer to deliver tung nuts to a point beyond the producer's usual milling point, CCC shall pay the difference between actual cost of transportation and the cost of transportation to the producer's usual milling point.

Authority: Commodity Credit Charter Act (Public Law 806, 80th Congress) and Titles II and IV of the Agricultural Act of 1949.

BASIS, 1951 ESTIMATE: The budget estimate is based on an anticipated crop of 85,000 tons of tung nuts, green weight. It is estimated that the 85,000 tons would be equivalent to 73,000 tons of a grade and moisture content comparable to the grade and moisture content on which the parity price is based.

The price of tung oil is estimated at about 16 cents per pound, mill basis, since the price of flaxseed, a competitive commodity, will be supported at 60 percent of parity. In arriving at the 16 cents per pound price, it is also assumed that imports from China would be about 100 million pounds, which represents the major portion of our domestic requirements. With tung oil selling at 16 cents per pound, it is estimated that the domestic market price of tung nuts would be approximately $40 per ton, or $20 per ton less than the estimated support price. Under these conditions the Corporation would probably acquire all or practically all of the 1950 crop, which in turn would be disposed of at market prices.

Present Outlook: The budget was based on the assumption that the entire 1950 crop of tung nuts would be delivered to the Corporation in settlement of loans made. Since the 1949 crop will be supported by purchase agreement on tung oil as well as tung nuts, it is possible a similar program will be used for the 1950 crop. If a major portion of the 1950 crop were supported in terms of oil, additional funds might be required due to processing costs; however, no significant change would be reflected in the estimated loss.

PRICE SUPPORT PROGRAM, Designated Nonbasic Commodities

Wool

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of wool to producers during 1949 at the 1946 level.

Eligibility: All types and grades of shorn and pulled wool produced in the continental United States and territories are eligible for support.

Operations: Purchases will be made from January 1, 1949, through March 31, 1950 at announced prices (prices are designed to reflect the same level that wool was supported to producers in 1946, i.e., 42.3¢ per grease pound for shorn wool; pulled wool prices at a comparable level.)

Under agreements entered into with the Corporation, handlers make purchases for the account of CCC directly from producers, pools, or secondary handlers, and the Corporation may also buy from handlers wool purchased by handlers in their own name from producers in lots of 3,000 pounds or less. The quality and appraisal value of each lot of wool acquired is determined by appraisers employed by the U. S. Department of Agriculture. The shrinkage is determined by the core test and other methods.

Wool acquired which is disposed of through commercial channels is sold at the best obtainable prices.

Authority: Commodity Credit Corporation Charter Act (Public Law 806, 80th Congress)--Particularly section 5(a); and Public Law 360, 80th Congress, section 1(b), as amended by section 1(c) of the Agricultural Act of 1948 (Public Law 897, 80th Congress).

BASIS, 1951 ESTIMATE: Production of greasy shorn and pulled domestic wool is expected to be approximately 255 million pounds in the calendar year 1949, and may decrease to about 250 million pounds in calendar years 1950 and 1951.

Consumption of apparel wool has dropped sharply from a total of 485 million pounds, scoured basis, in 1948 and may not exceed 325 million pounds in the calendar year 1949. Consumption may rise a little in 1950 and remain at the same level or decline moderately again during 1951 in line with usual trends in peacetime under predominately civilian demand. Postwar shortages of wool fabrics had been largely met in 1948, and beginning in 1949, consumption has tended to follow more normal peacetime patterns. This trend is responsible for the reduced level of consumption estimated for the next two years.

Based on these assumptions, it is estimated that 165 million pounds of wool will be purchased in the fiscal year 1951 at an average cost of approximately 67 cents per pound. Sales are expected to amount to 160 million pounds at an average price of nearly 56 cents per pound.

PRICE SUPPORT PROGRAM, Other nonbasic

Barley

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of barley and to promote orderly marketing.

Eligibility: Eligible commodity is barley produced in 1949 and grading U. S. No. 5 or better, except that Class III, Western Barley, having a test weight of less than 35 pounds per bushel, shall not be eligible. Eligible participants are producers of 1949 crop barley.

Operations: Nonrecourse loans are available from harvest through January 31, 1950, and will mature April 30, 1950, or earlier on demand. Loans are made on a note-and-chattel mortgage basis for barley stored on the farm and on a note-and-loan agreement basis when stored in approved warehouses. Loans may be obtained from approved lending agencies or direct from the Corporation. Farm support prices average $1.09 per bushel, which is equal to 72% of parity as of April 15, 1949. Loans will bear interest at the rate of 3 percent per annum.

Purchase agreements are offered to producers from harvest through January 31, 1950. A producer desiring to deliver barley to the Corporation under a purchase agreement must declare his intention to sell within a 30-day period ending April 30, 1950, or ending on such earlier date as may be determined by the Corporation. The producer is not obligated to sell any specified quantity; however, the number of bushels specified in the purchase agreement is the maximum quantity that may be delivered. The purchase price will be the applicable support rate established for the barley at the approved point of delivery.

Authority: Commodity Credit Corporation Charter Act (Public Law 806, 80th Congress)--particularly section 5(a); and sections 1(d) and 202(a) of the Agricultural Act of 1948 (Public Law 897, 80th Congress).

BASIS, 1951 ESTIMATE: The budget estimate is based on an anticipated production of 290 million bushels, carryin stocks of 64 million bushels and imports of 5 million bushels. Domestic disappearance is estimated at 270 million bushels and exports are estimated at 20 million bushels, leaving a carryout of 69 million bushels. In view of the large supplies of feed grains, particularly corn, barley prices may tend to remain near the support level. From these assumptions, it is estimated that a total of 35 million bushels may be covered by purchase agreements or placed under loan. It is estimated that about 20 million bushels will be delivered to the Corporation in settlement of loans and purchase agreements. Losses during fiscal year 1951 represent sales made for export based on the anticipated market price.

Present outlook: The total barley supply is now estimated at 369 million bushels. This increase over the previous estimate of 359 million bushels is due to an estimated carryin of 74 million bushels from the 1949 crop as compared with 64 million bushels which was estimated when the budget was prepared. This increased supply-- assuming utilization will not increase-- may result in additional loans, purchase agreements, and inventory acquisitions.

PRICE SUPPORT PROGRAM, Other nonbasic Commodities

Beans, Dry Edible

When the budget estimates were prepared, it was not anticipated that a price support program would be available for dry edible beans on the 1950 crop. Therefore, no estimate is shown in the President's budget.

Since the preparation of the budget, price support has been announced on 1950 crop beans, at prices which will return growers an average of $6.30 per cwt. for thresher run beans. Price support will be contingent upon compliance with acreage allotments on beans. With these controls, it is believed that production will be about 13 million bags (7 million bags less than the 1949 crop production). Carryover stocks are expected to be almost 10 million bags, most of which will be in CCC inventory. Requirements will probably be slightly more than production; therefore, prices are expected to be at or above support levels. Under these circumstances, some loans may be made, but it is not likely that the Corporation will acquire any stocks from the 1950 crop. Sales of some of the Corporation's carryover stocks may be possible. Such sales would probably be at market prices. A description of the announced operation follows:

Objective: To support the price of dry edible beans and to encourage acreage adjustment.

Eligibility: Eligible commodity is 1950-crop sound, whole, dry edible beans, grown on a farm where the acreage allotment is not exceeded, grading U. S. No. 2 or better or beans containing not more than 18 percent moisture, and after deduction of foreign material containing not more than 10 percent of other defects. Beans delivered in settlement of loans or under a purchase agreement must grade U. S. No. 2 or better and be packed in suitable 100-pound bags. Eligible participants are producers of 1950-crop dry edible beans who are in compliance with their acreage allotments.

Operations: Nonrecourse loans will be available from harvest through January 31, 1951, maturing April 30, 1951, or earlier on demand. Loans will be made on a note-and-chattel mortgage basis for farm-stored beans and on a note-and-loan agreement basis for warehouse-stored beans. Loans may be obtained from approved lending agencies or direct from the Corporation. Support rates are equal to 75 percent of parity as of November 15, 1949. Loans will be made at full support rates when the Corporation is fully protected against quality and quantity risks. Loans on all other eligible beans will be made at a flat rate determined by the Corporation sufficiently below the full support price to cover costs of processing beans to grade. Interest is at the rate of 3 percent per annum.

Purchase agreements will be offered to producers from harvest through January 31, 1951. A producer desiring to deliver beans to the Corporation under a purchase agreement must declare his intention to sell within a 30-day period ending on April 30, 1951, or on such earlier date as may be determined. The producer is not obligated to sell any specified quantity; however, the quantity specified in the purchase agreement is the maximum quantity that may be delivered. The purchase price will be the applicable support rate established for the class and grade of beans delivered.

Authority: Commodity Credit Corporation Charter Act (Public Law 806, 80th Congress)--particularly section 5(a); and Titles III and IV of the Agricultural Act of 1949.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Chickens, dressed

SUMMARY OF LATEST OPERATIONS:

Objective: To support the producer price of chickens.

Eligibility: Eligible commodity is frozen New York dressed box-packed chickens of Grade B or better and weighing an average of 3 pounds or more each. Eligible vendors are producers, producers' agents, cooperative organizations, or dealers. Vendors other than producers must certifiy that producers received not less than announced producer prices.

Operations: Chickens slaughtered prior to December 31, 1949 will be purchased during the period September through December 31, 1949 and during the month of June, 1950. Purchases will be made by the Corporation at a national average price of 24.6¢ per pound which will reflect approximately 90 percent of parity adjusted for season, location, grade, and weight. Purchases will be made only of chickens stored in approved warehouses with all storage costs paid by vendor. Due to the level of prices received by producers, it is not now anticipated that any activity under this operation will be required.

Authority: Commodity Credit Corporation Charter Act (Public Law 806, 80th Congress), particularly section 4(g) and 5(a); and the Agricultural Act of 1948 (Public Law 897, 80th Congress), particularly section 1(b).

BASIS, 1951 ESTIMATE: Since egg prices will be supported at approximately 75 percent of parity during 1950, it is estimated that production of chickens will decrease from 3,834 million pounds, dressed weight, in 1949 to 3,600 million pounds, dressed weight, in 1950. It is expected, however, that a price support operation will be necessary because of (1) localized surpluses, (2) greatly increased spring and fall culling because of the lower support for eggs, and (3) an anticipated increase in the commercial broiler production, Accordingly, it is estimated that approximately 5,000,000 pounds, dressed weight, will be purchased and that it will be possible to sell this amount in commercial channels without any loss to CCC.

PRICE SUPPORT PROGRAM, Other Non-basic Commodities

Cottonseed

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1949 cottonseed crop to producers at 90 percent of the August 1 parity.

Eligibility: An eligible producer is any landowner, landlord, tenant, sharecropper, or cooperative association that normally handles the cottonseed of its producer-members. The cottonseed must have been produced in the continental United States in 1949 by the person tendering it for loan or purchase except for cooperative associations. Under the loan program, the cottonseed may not contain more than 11 percent moisture. Under the purchase program, it must have a moisture content sufficiently low so that it may be safely stored.

Operations: Loans at 3 percent interest were made through December 31, 1949. They mature April 30, 1950, or earlier on demand. Producers receiving loans paid a service fee of 35 cents per ton or $3.00, whichever was greater. No storage or track-loading payments to producers were made. Applications for loans were made at PMA county committee offices. Loans were made directly by CCC and through lending agencies.

(a) Farm-storage loans: Nonrecourse loans were made at $49.50 per ton (90 percent of August 1 parity of $55) on a note and chattel mortgage basis on cottonseed stored in approved storage structures on or off the farm and not covered by outstanding warehouse receipts. Where cottonseed is delivered to CCC in settlement of loan, the specific support rate is determined on the basis of grade and quality. If this settlement rate is less than the loan rate, the deficiency will be paid to CCC by the producer. If the settlement rate exceeds the loan rate, CCC pays the producer the amount of such difference.

(b) Warehouse-storage loans: Nonrecourse loans were made on the basis of note and loan agreement secured by warehouse receipts issued by warehousemen approved by CCC. If warehouse receipts reflected the official grade, loans were made at the settlement rates specified for farm-storage loans. If not, loans were made at $49.50 per ton and final settlement will be made on basis of grade and quality delivered to CCC in settlement of loan.

(c) Open-storage loans: Loans maturing within a prescribed period were made at a rate not exceeding $37 per ton (approximately 75% of basic loan rate) on cottonseed stored in open yards in certain arid areas after a determination by the State committee that such loans were feasible and necessary. The open-stored cottonseed must be protected from animals and from water damage. The loans were made with the understanding that the producers would provide satisfactory farm-storage facilities for the cottonseed before the end of the loan period.

Purchases are being made at $46.50 per ton from October 4, 1949 through February 15, 1950, as an emergency measure. State PMA Chairmen or their representatives enter into agreements with ginners to purchase cottonseed for CCC and pay the purchase price to producers or purchase directly from producers if ginners do not participate.

CCC sells or enters into contracts with oil mills to toll-crush and process cottonseed acquired or exchanges cottonseed for cottonseed products. Cottonseed and products are stored in private storage facilities if they are available in the area where the cottonseed is acquired.

Authority: Commodity Credit Corporation Charter Act (Public Law 806, 80th Congress), as amended--particularly section 5(a), and section 1(d) of the Agricultural Act of 1948 (Public Law 897, 80th Congress).

BASIS, 1951 ESTIMATE: The budget estimate is based on the assumption that acreage controls and marketing quotas on cotton will reduce the 1950 crop of cottonseed to about 4.7 million tons. While it is assumed that consumption of vegetable oils will decline, it is also assumed that production of competing oilseeds will be reduced. Moreover, it is assumed that demand for high protein feeds such as cottonseed meal will continue at high levels. It is also assumed that the market price will remain near the support level. Based on these assumptions, it is estimated that loans will be made on an estimated 500,000 tons of cottonseed in the fiscal year 1951, that loans on 400,000 tons will be repaid, and that the Corporation will acquire 100,000 tons of collateral.

Present outlook: The changed outlook for the cottonseed market since the preparation of the budget has necessitated a change in the estimated size of the price support program on the 1950 crop. Assuming that the present price situation continues, the support price on the 1950 crop ($50 per ton at 75% of parity) will be substantially higher than the market price which now ranges between $40 and $45 per ton. The original budget estimate assumed an average market price of $46.50 for the 1950 crop. Therefore it is assumed that the Corporation may make loans on 2,000,000 tons of cottonseed valued at $100,000,000 compared with 500,000 tons valued at $25,000,000 assumed in the original estimate. It was originally expected that about 80% of the loans would be repaid. It is now estimated that virtually all the cottonseed on which loans are made will be acquired by the Corporation as collateral.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Eggs

SUMMARY OF LATEST OPERATIONS:

Objective: To support the national annual average producer price of shell eggs.

Eligibility: Eligible commodity is shell eggs of storable quality grading not less than U. S. Extras 60 percent A quality, frozen eggs free from objectionable odors, or dried eggs with a palability score of not less than 6. Eligible vendors are producers, cooperative organizations and dealers (including processing firms). Vendors other than producers may be required to certify that an average price at least equal to a price specified by the Corporation has been paid to all producers delivering edible eggs averaging 44 pounds per case.

Operations: Purchases of dried eggs, frozen eggs, and shell eggs may be made on an offer and acceptance basis at any place in the continental United States during the period January 1, 1950 through December 31, 1950, at levels designed to reflect a national average farm price to producers equal to 37¢ a dozen. Dried eggs will be purchased initially as an interim program pending consultation with advisory committees after which final plans of operation will be formulated. Eggs acquired may be disposed of by sales for export, by transfer to Section 32 programs and outlets authorized by Section 416 of the Agricultural Act of 1949, by sales domestically through commercial trade channels, or by sales to other governmental agencies.

Authority: Commodity Credit Corporation Charter Act (Public Law 806, 80th Congress); Agricultural Act of 1949 (Public Law 439, 81st Congress); Section 112 (e) of the Foreign Assistance Act of 1948 (Public Law 472, 80th Congress).

BASIS, 1951 ESTIMATE: Beginning January 1, 1950, the level of support was reduced from 90 to about 75 percent of parity in order to encourage increased consumption and bring about adjustments in production. It is likely, however, that sufficient adjustment will not be made in the number of chickens raised for flock replacement purposes in 1950. Consequently, egg production during 1951 may be in excess of consumer demand at the price support level to the extent that the Corporation may be required to purchase an estimated 30,000,000 dozens.

Present Outlook: The carryin for fiscal year 1951 is now estimated at 90,000,000 dozens rather than 30,000,000 as reflected in the budget. It is expected that this quantity will be sold in export channels during fiscal year 1951.

PRICE SUPPORT PROGRAM, Other nonbasic Commodities

Flaxseed

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of flaxseed and to promote orderly marketing.

Eligibility: Eligible flaxseed is that produced in 1949 and grading U. S. No. 2 or better. Eligible participants are producers of 1949-crop flaxseed.

Operations: Nonrecourse loans are available through October 31, 1949 in Arizona and California and in those counties in Texas which are not designated as purchase counties, and through January 31, 1950 in all other States. Loans mature on demand but not later than January 31, 1950 for Arizona, California and Texas flaxseed and not later than April 30, 1950 for all other States. Loans are made on a note-and-chattel mortgage basis for flaxseed stored on the farm and on a note-and-loan agreement basis when stored in approved warehouses. Loans may be obtained from approved lending agencies or direct from the Corporation. Support rates are equal to 90 percent of parity as of April 1, 1949, which amounts to $3.99 per bushel, U. S. No. 1, at Minneapolis. Differentials will apply for other grades and locations. Loans will bear interest at the rate of 3 percent per annum. A storage allowance on the basis of 7 cents per bushel for farm-stored flaxseed will be made at time of delivery to the Corporation.

Purchase agreements are available on eligible flaxseed for the same periods and areas as are loans. A producer desiring to deliver flaxseed to the Corporation under a purchase agreement must declare his intentions to sell within a 30-day period which ends on January 31, 1950, in California, Arizona, and Texas, and on April 30, 1950 in all other States, or on such earlier dates as may be determined by the President, CCC, or his designee. The producer is not obligated to sell any specified quantity; however, the number of bushels specified in the purchase agreement is the maximum quantity that may be delivered The purchase price will be applicable loan value established for the flaxseed at the approved point of delivery.

Purchases may be made in designated Texas counties from harvest through July 31, 1949 if the market price is not equal to or in excess of the support price in such counties. This operation is necessary since flaxseed produced in this area contains excess moisture and cannot be stored without deterioration. Any purchases required will be made through dealers. The purchase price will be equivalent to the loan rate in the respective counties.

Authority: Commodity Credit Corporation Sharter Act (Public Law 806, 80th Congress)--particularly section 5(a); and sections 1(b) and 202(a) of the Agricultural Act of 1948 (Public Law 897, 80th Congress).

BASIS, 1951 ESTIMATE: This estimate is based on the assumption that limitations on imports of fats, oils and seeds will be continued under the present import control authority until July 1, 1950, and after that date imports will be limited under authority of Section 22 of the Agricultural Adjustment Act, as amended. The support level for the 1950 crop has been announced at 60 percent of parity. Production is expected to be about 37 million bushels. This production is about equal to domestic requirements for one year, and, in view of large carryover stocks which are available for export, it is assumed that the Corporation will acquire about 4 million bushels of flaxseed from producers who are unable to obtain prices comparable to the support price. Total U. S. carryout stocks of flaxseed and linseed oil in terms of flaxseed are estimated at about 40 million bushels.

Exports during fiscal year 1951 are based on the assumption that, with U. S. support prices of 60 percent of parity, the domestic market price of flaxseed and linseed oil will be at or near competitive world prices. With such a price level and a continuation of the European Recovery Program, it is expected that 8 million bushels will be exported.

PRICE SUPPORT PROGRAM, Other nonbasic Commodities

Naval Stores

SUMMARY OF LATEST OPERATIONS:

Objective: To provide price stabilization and protection to producers of gum naval stores at 60 percent of April 1, 1950 parity.

Eligibility: Eligible naval stores include (1) processed turpentine meeting specifications prescribed by the Corporation and stored in approved bulk tanks, (2) processed rosin, Federally graded at not lower than Grade "G," packed in standard metal drums and placed in approved storage, and (3) crude gum stored at processing plants adequately equipped with storage facilities. Producers may pledge the turpentine and rosin content of stored crude gum, the warehouseman being obligated to process the gum within specified time limits and deliver the processed products equal to or better than the grades and weights loaned on.

Eligible borrowers are producers who are members of the American Turpentine Farmers Association Cooperative of Valdosta, Georgia, who cooperate in the 1950 Gum Naval Stores Conservation Program or otherwise follow good conservation practices and have made satisfactory arrangements to pay any indebtedness to the Department or any agency thereof.

Operations: Loans are available to eligible producers throughout the producing area through December 31, 1950 on production harvested in the calendar year 1950, mature April 1, 1951 or earlier on demand, and bear 3 percent interest per annum. The loan rate will be computed at 60 percent of the April 1, 1950 parity and applied to the gum naval stores production unit of 50 gallons of turpentine and 1,400 pounds of rosin. Initial loan rates are 40 cents per bulk gallon of turpentine with the remainder of the unit value, applied, within legislative limits to rosin (estimated at $4.79 per cwt.). Appropriate differentials, if any, for the different grades of rosin will be determined just prior to the announcement of the loan rates and specific parity prices.

Producers are required to execute an agreement with the Association containing the terms and conditions upon which the loan is made, including a certificate of compliance with all requirements of eligibility for loan. The association enters into agreements with warehousemen and such agreements are assigned to CCC. Payment of the loan proceeds to the producer is effected by the warehouseman (acting as agent of the Association) making request therefor upon CCC through the association. Such payments are made by check directly to producers or their designees by the Atlanta Federal Reserve Bank.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U. S. C., Sup. II, §714; P. L. 85, 81st Congress), particularly section 5(a) thereof; and section 301 of the Agricultural Act of 1949 (P. L. 439, 81st Congress).

BASIS, 1951 ESTIMATE: The estimates are based on the assumption that in 1950 production of gum naval stores will be maintained at the 1948 level but wood naval stores will be reduced below both the 1948 and 1949 levels, and that the support level would be 60 percent of parity as defined in Agricultural Act of 1949.

Rosin: The 1950 crop year production of gum rosin is estimated at 4,659,200 cwt. and wood rosin at 5,200,000 cwt., or a total of 9,859,200 cwt. Production plus estimated carryover of 4,265,200 cwt. of all rosin, together with a small quantity of imports, would make the total available supply 14,145,200 cwt. during the 1950-1951 marketing year. Domestic consumption is estimated to absorb 5,980,000 cwt. and exports 3,380,000 cwt., leaving a carryout of 4,785,200 cwt. on March 31, 1951.

Under these conditions it is estimated that 800,000 cwt. of 1950 gum rosin will be taken under loan by CCC (about 25 % will come under loan in the fiscal year 1950), of which 520,000 cwt. will be acquired as collateral, and inventory on hand at the close of the fiscal year 1951 will amount to 3,744,000 cwt.

Turpentine: The 1950 crop is estimated at 16 million gallons of gum turpentine and 15.85 million gallons of the various types of wood turpentine, a total of 31.85 million gallons. Production, plus carryin stocks of 13.0 million gallons of all turpentine and imports of .75 million gallons results in an estimated total available supply of 45.6 million gallons. Of this quantity, domestic consumption is estimated at 26.0 million gallons and exports at 6.6 million gallons, leaving a carry-out on March 31, 1951 of 13.0 million gallons, which would be a gradual accumulation of carryover.

Based on these assumptions, it is estimated that 1.0 million gallons of 1950 gum turpentine will be taken under loan by CCC (about 25% will come under loan in the fiscal year 1950) all of which would be expected to be redeemed by producers.

Present outlook: The extent and scope of the price support program on the 1950 crop of gum naval stores depends largely on the production of wood naval stores, a non-agricultural competitive product, which accounts for about 50% of the total production of all naval stores. Manufacturers of wood naval stores in 1949 unexpectedly reduced their production below 1948. The 1951 Budget Estimate was predicated on a still further reduction in 1950. However, production of wood naval stores during 1950 may remain at the 1949 level, or it may even increase over the 1949 level. If either of these possibilities materialize, there would probably be a need for increased activity under the Gum Naval Stores Price Support Program. (About 25% of such an increase might be reflected in the 1950 fiscal year).

PRICE SUPPORT PROGRAM, Non-Mandatory Commodities

Oats

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of oats and to promote orderly marketing. The average support price is 70¢ per bushel.

Eligibility: Eligible commodity is oats produced in 1949, and grading U. S. No. 3 or better, or determined to be sound and merchantable when official inspection is not available.

Eligible participants are producers of 1949-crop oats.

Operations: Nonrecourse loans are available from harvest through January 31, 1950, maturing April 30, 1950, or earlier on demand. Loans are made on a note-and-chattel mortgage basis for oats stored on the farm and on a note-and-loan agreement basis when stored in approved warehouses. Loans may be obtained from approved lending agencies or direct from the Corporation. Farm support prices average $.69 per bushel, which is equal to 70 percent of parity as of April 15, 1949. Loans bear interest at the rate of 3 percent per annum.

Purchase agreements are offered to producers from harvest through January 31, 1950. A producer desiring to deliver oats to the Corporation under a purchase agreement must declare his intention to sell within a 30-day period ending April 30, 1950, or ending on such earlier date as may be determined by the Corporation. The producer is not obligated to sell any specified quantity; however, the number of bushels specified in the purchase agreement is the maximum quantity that may be delivered. The purchase price will be the applicable support rate established for the oats at the approved point of delivery.

Authority: Commodity Credit Corporation Charter Act (Public Law 806, 80th Congress)--particularly section 5(a); and sections 1(d) and 202(a) of the Agricultural Act of 1948 (Public Law 897, 80th Congress).

BASIS, 1951 ESTIMATE: This estimate is based on an oats supply of 1,534 million bushels, which is substantially less than the 1948 supply of 1,696 million bushels and the 1949 estimated supply of 1,623 million bushels. The carryout on June 30, 1951 is estimated at 119 million bushels, which is 176 million bushels less than the 1948 carryout. In view of the anticipated small 1950 carryout, it is believed that producers and commercial channels will hold the entire quantity. It is estimated, however, that loans will be made on 5 million bushels to producers desiring to hold their oats for normal seasonal increases.

Present outlook. The oats supply is now estimated at 1,543 million bushels. This increase of 9 million bushels over the estimated supply used in formulating the budget estimate is due to an estimated increase in 1949 crop carryover. It is not anticipated, however, that this increase will materially affect the budget estimate for loans and purchase agreements.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Pork

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of hogs at 90 percent of parity through March 31, 1950.

Eligibility: Pork products sold by federally inspected packers in the continental United States are eligible for purchase.

Operations: Operations will consist of removing quantities of pork from the market by purchasing from federally inspected packers during the period ending March 31, 1950. Such purchases are authorized only when the U. S. average price of hogs falls near to the support price unless they are required to maintain prices of a particular important market classification, or prices in a major area, in line with the appropriate relationship to the U. S. average support level.

Authority: Commodity Credit Corporation Charter Act, as amended (62 Stat. 1070, 63 Stat. 154)- section 5(a); section 1(b) of Title I of the Agricultural Act of 1948; and section 202(a) of Title II of the Agricultural Act of 1948.

BASIS, 1951 ESTIMATE: The budget estimate is based on the assumption that 1950-51 pork (excluding lard) productionwill increase to 12,200 million pounds carcass weight basis. With an estimated carryover of 550 million pounds and imports of 2 million pounds the total supply in 1950-51 will be 12,752 million pounds. It is assumed that prices will be near support levels, and domestic civilian consumption will increase to about 78 pounds per capita. Total consumption through commercial channels in the U. S. would amount to about 11,982 million pounds. Thus, with commercial exports and shipments of approximately 120 million pounds and a commercial carryout of 550 million pounds, it is estimated that approximately 100 million pounds of pork will not move into commercial channels at or above support level prices.

Based on the above assumptions, it is estimated that purchases will be made of 100 million pounds of pork during the fiscal year 1951 and that all such pork will be disposed of during the fiscal year through Section 32 and ECA programs at no loss to CCC.

PRICE SUPPORT PROGRAM, Other Nonbasic commodities

Rye

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price and to promote orderly marketing of rye.

Eligibility: Eligible commodity is rye produced in 1949 and grading U. S. No. 2 or better, or grading U. S. No. 3 solely on the factor of testweight but otherwise grading No. 2 or better. Any producer producing rye in 1949 as landowner, landlord, tenant, or sharecropper is eligible for loans and purchase agreements.

Operations: Nonrecourse loans are available from harvest through January 31, 1950, maturing April 30, 1950, or earlier on demand. Loans are made on a note-and-chattel mortgage basis for rye stored on the farm and on a note-and-loan agreement basis when stored in approved warehouses. Loans may be obtained from approved lending agencies or direct from the Corporation. Farm support prices average $1.27 per bushel, which is equal to 72 percent of parity as of April 15, 1949. Loans will bear interest at the rate of 3 percent per annum.

Purchase agreements are offered to producers from harvest through January 31, 1950. A producer desiring to deliver rye to the Corportation under a purchase agreement must declare his intention to sell within a 30-day period ending April 30, 1950, or ending on such earlier date as may be determined by the Corporation. The producer is not obligated to sell any specified quantity; however, the number of bushels specified in the purchase agreement is the maximum quantity that may be delivered. The purchase price will be the applicable support rate established for the rye at the approved point of delivery.

Authority: Commodity Credit Corporation Charter Act (Public Law 806, 80th Congress)--particularly section 5(a); and sections 1(d) and 202(a) of the Agricultural Act of 1948 (Public Law 897, 80th Congress).

BASIS, 1951 ESTIMATE: The budget estimate is based on an anticipated production of 24 million bushels which is 11 million bushels below the 1938-47 average. The total available supply, including carryin stocks of 4 million bushels and imports of 3 million bushels, is estimated at 31 million bushels. Such low supplies will not provide any material increase over recent years for domestic uses. Competition from other crops for available land makes it improbable that increases in production will occur. In view of the demand and decreased supply, it is assumed that the market price will be well above the support level resulting in loans and purchase agreements being required for 1.8 million bushels by producers desiring to hold their crops for normal seasonal increases. No deliveries are anticipated under the purchase agreement operation or in settlement of loans.

PRICE SUPPORT PROGRAM, Nonbasic Commodities

Seeds, Hay and Pasture Grass

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of hay, pasture and range grass seed in order to encourage planting and harvesting so that adequa te supplies will be available for future years.

Eligibility: Eligible seeds are a lfalfa, clovers, grasses and range grasses. Eligible participants are producers of 1949-crop eligible seeds.

Operations: Purchase agreements are offered to producers from harvest through February 28, 1950. Producers desiring to deliver seed to the Corporation under a purchase agreement must declare his intention to sell during a 30-day period which will end on April 30, 1950, or such earlier date as may be determined by the Corporation. The producer is not obligated to deliver any specified quantity; however, the amount specified in the purchase agreement is the maximum quantity that may be delivered. Farm storage and warehouse storage loans, on lespedeza seed only, are available through February 28, 1950 and will mature April 30, 1950, or earlier on demand. Loans are made on a note-and-chattel-mortgage basis for seed stored on the farm and on a note-and-loan-agreement basis for seed stored in approved warehouses. Loans may be obtained from approved lending agencies or direct from the Corporation. The basic support prices range from $.05 to $1.25 per pound according to variety, purity, and germination.

Authority: Commodity Credit Corporation Charter Act (Public Law 806, 80th Congress)--particularly section 5(a); sections 1(d) and 202(a) of the Agricultural Act of 1948 (Public Law 897, 80th Congress).

BASIS, 1951 ESTIMATE: The purpose of this operation is to encourage the harvesting of hay, pasture, and grass seed in order to insure that adequate supplies are available for planting in the event there is a gradual reduction in cereal, fiber, and oilseed production. Hay, pasture and range grass seed will be needed in substantial quantities if these acreages are to be improved. A desirable 1950 crop carryover of the type seed eligible for price support is 95 million pounds; however, it is not anticipated that such a carryover will be available since domestic consumption is estimated at 581.7 million pounds and exports are estimated at 9.7 million pounds from a total supply of 644 million pounds. It is assumed that most varieties will be above support levels except in areas where growers are unable to sell their seed promptly at support levels due to temporary price dislocation in local markets. In such areas it is estimated that the Corporation will acquire about 4 million pounds under the purchase agreement operation. Since these seed will be acquired toward the end of the fiscal year, it is assumed that the full amount will be in inventory on June 30, 1951.

PRICE SUPPORT PROGRAM, Nonbasic Commodities

Seeds, Winter Cover Crop

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of winter cover crop seed in order to encourage planting and harvesting so that adequate supplies will be available for future years.

Eligibility: Eligible commodity is 1950-crop high-quality seed, cleaned, bagged, and tagged, of the following varieties: hairy vetch, common and Willamette vetch, Austrian winter peas (and natural component mixtures where provided for in the foregoing varieties), crimson clover, blue lupine, common ryegrass, and roughpeas. Eligible participants are producers of eligible 1950-crop seeds.

Operations: Purchase agreements will be offered to producers from about May 15, 1950, through December 31, 1950. Producers desiring to deliver eligible seed to the Corporation under a purchase agreement must notify the local county agricultural conservation committee of his intention to sell between January 1, 1951, and January 31, 1951, inclusive. The producer will not be obligated to sell any specified quantity; however, the number of pounds specified in the purchase agreement will be the maximum quantity that may be delivered. Support prices will be based on parity as of April 1, 1950, as follows:

90 percent for hairy vetch, common and Willamette vetch, crimson clover, and common ryegrass

85 percent for Austrian winter peas

80 percent for blue lupine and roughpeas.

All storage charges accruing through January 31,1951, or the date of the warehouse receipt, whichever is later, must be paid by the producer.

Authority: Commodity Credit Corporation Charter Act (Public Law 806, 80th Congress)--particularly section 5(a); and section 202(a) of the Agricultural Act of 1948, as amended (Public Law 897, 80th Congress).

BASIS, 1951 ESTIMATE. The budget estimate is based on the assumption that the production of seed for which price support will be available will total about 285 million pounds. Estimated carryin stocks of 12 million pounds and possibly some imports will make a total supply of about 298 million pounds. Domestic disappearance of 259 million pounds and exports of 12 million pounds will leave a carryout of 27 million pounds, which is somewhat less than a desirable carryover. Generally, prices of winter cover crop seed will exceed support levels; however, due to price dislocation in local markets, particularly for Austrian winter peas and blue lupine, the Corporation will probably acquire about 25 million pounds toward the end of the fiscal year. Sales from such acquisitions are estimated to be 5 million pounds.

PRICE SUPPORT PROGRAM, Other nonbasic Commodities

Sorghums, Grain

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of grain sorghums and to promote orderly marketing.

Eligibility: Grain sorghums produced in 1949 grading No. 4 or better. Eligible praticipants are producers of 1949-crop grain sorghums.

Operations: Nonrecourse loans are available from harvest through January 31, 1950, maturing March 31, 1950, or earlier on demand. Loans are made on a note-and-chattel mortgage basis for grain sorghums stored on the farm and on a note-and-loan agreement basis for that stored in approved warehouses. Farm support prices average $2.09 per hundredweight, which is equal to 70 percent of parity as of April 15, 1949. Loans may be obtained through approved lending agencies or direct from the Corporation. Interest is at the rate of 3 percent per annum.

Purchase agreements are offered to producers from harvest through January 31, 1950. A producer desiring to deliver grain sorghums to the Corporation under a purchase agreement must declare his intention to sell within 30 days prior to March 31, 1950, or such earlier date as may be determined by the Corporation. The producer will not be obligated to sell any specified quantity; however, the amount in the purchase agreement will be the maximum quantity that may be delivered. The purchase price will be the applicable support rate established for grain sorghums at the approved point of delivery.

Authority: Commodity Credit Corporation Charter Act (Public Law 806, 80th Congress)--particularly section 5(a); and sections 1(d) and 202(a) of the Agricultural Act of 1948 (Public Law 897, 80th Congress).

BASIS, 1951 ESTIMATE: The budget estimate is based on an anticipated production of 64.4 million hundredweight, which is about 7 million hundredweight larger than the 1938-47 average. With a crop of this size, taking into consideration large carryover stocks of feed grains, particularly corn and barley, it is estimated that 20 million hundredweight will be placed under loan and 3 million hundredweight will be covered by purchase agreements. Deliveries under the purchase agreement operation and in settlement of loans are estimated at 12 million hundredweight.

Present outlook: At the time the budget was prepared, 1949 crop production of grain sorghums was estimated at 72.7 million cwt. whereas it is presently estimated at 85.6 million cwt. Carryover was previously estimated at the beginning of the 1949 crop year at 19.6 million cwt. whereas it is now estimated at 17.3 million cwt. making total supply in the 1949 crop year now estimated at 102.9 million cwt. compared with an estimated 92.3 million cwt. in the budget.

Carryover at the beginning of the crop year 1950 is now estimated at 29.6 million cwt. compared to 24.2 million cwt. in the budget and carryout at the end of the crop year 1950 is now estimated at 29.2 million cwt. compared to 24.8 million cwt. in the budget.

In view of the increased 1949 crop production and increased carryover in 1950, the budget estimated may be somewhat understated.

PRICE SUPPORT PROGRAM, Other nonbasic Commodities

Soybeans

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of soybeans and to promote orderly marketing.

Eligibility: Eligible commodity is soybeans having moisture content not in excess of 14 percent and grading No. 4 or better on all other factors.

Eligible participants are producers of 1949 crop soybeans.

Operations: Nonrecourse loans are available from harvest through January 31, 1950, maturing May 31, 1950, or earlier on demand. Loans are made on a note-and-chattel mortgage basis for soybeans stored in approved storage structures on or off the farm (provided no warehouse receipts are outstanding) and on the basis of a note-and-loan agreement, secured by warehouse receipts, when stored in approved warehouses. Loans are made at 90 percent of the comparable price as of September 1, 1949 for soybeans grading No. 2 and containing not more than 14 percent moisture. The loan rate for green and yellow soybeans meeting such requirements is $2.11 per bushel; and for black, brown, and mixed varieties, the rate is $1.91. Premiums and discounts apply for grades other than No. 2. Loans may be obtained from approved lending agencies or direct from the Corporation. Loans will bear interest at 3 percent per annum. A storage allowance of 7 cents per bushel for farm-stored soybeans will be made at time of delivery to the Corporation.

Purchase agreements are offered to producers from harvest through January 31, 1950. A producer desiring to deliver soybeans to the Corporation under a purchase agreement must declare his intentions to sell within a 30-day period ending on May 31, 1950, or on such earlier date as may be determined by the Corporation. The producer is not obligated to sell any specified quantity; however, the number of bushels specified in the purchase agreement is the maximum quantity that may be delivered. The purchase price will be the applicable loan value established for the soybeans at the approved point of delivery.

Authority: Commodity Credit Corporation Charter Act (Public Law 806, 80th Congress)--particularly section 5(a); and Title I, section 1(b), and Title II, section 202(a), of the Agricultural Act of 1948 (Public Law 897, 80th Congress).

BASIS, 1951 ESTIMATE: The budget estimate is based on an anticipated supply of 204 million bushels - 1950 crop production of 200 million bushels from 10.5 million acres and carryin stocks of 4 million bushels.

This estimated supply will provide 186.5 million bushels for domestic uses, 13.5 million bushels for export, and leave a normal carryout of 4 million bushels. It is assumed that prices to farmers will average $2.20 per bushel which is equivalent to the estimated support price; however, in areas where processing facilities and other outlets are limited, prices often drop below the support level. In such areas it is estimated that a total of about 10 million bushels of soybeans will be delivered to the Corporation under the purchase agreement operation and in settlement of loans. Since this quantity will be delivered toward the end of the fiscal year, it is assumed that the full amount will be in inventory on June 30, 1951. Sales during fiscal year 1951 represent disposition of inventory acquired in 1950.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Turkeys, dressed

SUMMARY OF LATEST OPERATIONS:

Objective: To support the producer price of turkeys.

Eligibility: Eligible commodity is frozen New York dressed box-packed young turkeys of Grade B or better. Eligible vendors are producers, producers' agents, cooperative organizations or dealers. Vendors other than producers must certify that producers received not less than announced producer prices.

Operations: Turkeys slaughtered prior to December 31, 1949 will be purchased during the period August 1, 1949 through December 31, 1949, and during the month of July 1950. Purchases will be made on an offer-and-acceptance basis at announced prices intended to reflect a national average live weight price to producers of about 31 cents a pound. Purchases will be made only at approved public or private warehouses with all storage costs paid by vendor.

Authority: Commodity Credit Corporation Charter Act (Public Law 806, 80th Congress), particularly sections 4(g) and 5(a); and the Agricultural Act of 1948 (Public Law 897, 80th Congress), particularly section 1(b).

BASIS, 1951 ESTIMATE: The 1949 crop of turkeys, 41 million birds, was the largest since 1946. It is estimated that approximately 3,000,000 pounds, dressed weight, of this crop will be purchased during the first month of fiscal year 1951 (July, 1950). Also during fiscal year 1951 5,000,000 pounds, dressed weight, are expected to be purchased from the estimated 1950 crop of 39 million birds. The estimated price support operations in fiscal year 1951 are based on the assumptions that (1) some sizes for which there is not a strong demand will be in surplus; and (2) increase in the supplies of red meat would result in a decrease in the demand for turkeys. It is expected however, that the 8,000,000 pounds purchased would be sold in commercial channels without any loss to CCC.

SUPPLY PROGRAM

SUMMARY OF LATEST OPERATIONS:

Objective: This program is intended to facilitate the acquisition of agricultural commodities to meet requirements of the Department of Defense, the Economic Cooperation Administration, other governmental agencies, foreign governments, relief agencies, and appropriations available to the Department of Agriculture.

Operations: Purchases are confined to commodities produced in the United States. Purchases for any claimant, other than a Federal Government agency, require (1) a firm requisition or a firm contract from the claimant and (2) a deposit with the Treasurer, Commodity Credit Corporation, of cash or its equivalent, or other acceptable financial arrangements. Purchases for Federal agencies require a written order constituting a firm obligation. Purchases may be made in advance of firm commitments and prior to deposit of cash only upon specific authorization of the Board of Directors when it is anticipated that no risk of loss is involved.

Generally, purchases are made at the best price obtainable at either an announced price or on an offer-and-acceptance basis in quantities, at times, and at prices which shall cause the least disturbance in market prices. Purchases may also be made under formal competitive bids.

Transfers to claimants are at prices designed to reimburse the Corporation for all costs incidental to carrying out this operation. Other disposition is made in accordance with statutory requirements and authorized policy.

During fiscal year 1949 grains, flour, dairy products, soybeans, and vegetable oils consisted of the major part of the supply purchases. The Corporation also accepted at the United States border, transported, stored, and disposed of Mexican canned meat obtained as a result of the Bureau of Animal Industry's foot-and-mouth disease eradication activities in Mexico. Sales to claimants were approximately 45 percent to the Department of Defense, 40 percent to ECA programs, 13 percent to cash-paying foreign Governments, and 2 percent to other claimants.

Authority: Commodity Credit Corporation Charter Act (62 Stat. 1070-1075, as amended by P. L. 85, 81 Congress; and 15 U.S.C., Sup. II, §§ 714-714o) particularly section 5(c).

BASIS, 1951 ESTIMATE: This estimate is based on the assumption that the Corporation will be purchasing a limited supply of agricultural commodities for the Department of Defense for use in occupied areas and for countries participating in ECA programs during fiscal year 1951. Total dollar volume of direct purchases under the supply program is estimated at $180,325,000. Purchases of food grains and flour are estimated at $142,550,000 or 79 percent of the total estimated. Purchases of soybeans, vegetable oils and other miscellaneous purchases account for the balance of the direct acquisitions. It is assumed that other requirements of buyers will be met from price support stocks.

FOREIGN PURCHASE PROGRAM

SUMMARY OF LATEST OPERATIONS:

Objective: To procure and either import into the United States or sell to United States Government agencies and foreign claimants without importation into the United States food and agricultural products.

Operations: Purchases for United States Government agencies and foreign claimants without importation into the United States are made after receipt of firm requisitions or purchase orders. Purchases for importation into the United Stated are based on the requirements of Federal agencies, agencies of foreign governments, Red Cross, private relief organizations distributing food abroad, and similar claimants.

Purchases usually are made on an offer-and-acceptance basis; however, purchases are not made in excess of comparative market prices in the United States.

Sugar purchases, primarily from Cuba, amounted to approximately 1,360 thousand tons during fiscal year 1949. These purchases were made for the Department of Defense for use in occupied areas and for countries participating in the European Recovery Program. Purchases were made on the basis of negotiated contracts; however, the purchase price did not exceed the market price as defined in section 202 of the 1949 Foreign Aid Appropriation Act.

Approximately 216 million pounds of oils, oilseeds, and oilseed meal were purchased from the Philippines, Netherlands Indies, and other foreign countries during fiscal year 1949. Copra, which accounted for the major portion of the acquisitions, was purchased o on an offer-and-acceptance basis. Supplies acquired were used to meet the requirements of countries participating in the ECA programs and the Department of Defense.

Rice purchases from Siam during fiscal year 1949, amounted to about 465 million pounds. Quantity purchased was for the Department of Defense for use in Far Eastern areas and for the ECA program in China. Purchases were made at official export prices established by the Siamese Government at the time of the procurement contract and approved by the Corporation. This program has been discontinued.

Present plans provide for the purchase of approximately 20,000,000 pounds of frozen Mexican beef during the fiscal year 1950, primarily for the Department of Defense.

Authority: Commodity Credit Corporation Charter Act (62 Stat. 1070-1075, as amended by P.L. 85, 81st Congress; and 15 U.S.C., Sup. II §§ 714-714o) particularly section 5(c).

BASIS, 1951 ESTIMATE: This estimate is based upon the assumption that the Corporation will be required to make limited purchases for the Department of Defense and for countries participating in ECA programs during fiscal year 1951. Estimated sugar purchases of 487,000 short tons account for the major portion of the Foreign Purchase Program activity. The balance of the estimated purchases consists of 12,500 tons of copra. These estimates are subject to change depending upon actual requirements of the Department of Defense and Economic Cooperation Administration.

COMMODITY EXPORT PROGRAM

Under its Commodity Export Program, the Corporation may export or cause to be exported or aids in the development of export markets for agricultural commodities and products. The purpose of the program is to retain and expand foreign markets for agricultural commodities and products thereof produced in the United States and to aid in the disposal of agricultural commodities and products thereof excess to domestic needs. While only a wheat export program is reflected in the 1951 budget, it is entirely possible that other commodities may be exported or cause to be exported, should conditions develop which were not anticipated at the time the 1951 budget was prepared.

Public Law 85, 81st Congress, approved June 7, 1949, authorized the Corporation, among other things, to accept strategic and critical materials produced abroad in exchange for agricultural commodities acquired by the Corporation. It is anticipated that the Corporation will exchange some agricultural commodities for strategic and critical materials needed by the Munitions Board of the National Military Establishment; it is also anticipated for the purposes of these estimates that such materials will be turned over immediately to the Munitions Board; but the operation is not necessarily limited to strategic materials which the Munitions Board is prepared to accept for stockpiling. It has been assumed that the Secretary of the Treasury will establish the value of the strategic or critical materials which will equal at least the Corporation's investment in the agricultural products traded for such materials; if the Secretary of the Treasury sets a lower value on the strategic or critical materials than the value of the investment in the agricultural products, the Corporation of course will incur some losses.

CCC WHEAT AND WHEAT FLOUR EXPORTS PURSUANT TO THE INTERNATIONAL WHEAT AGREEMENT

SUMMARY OF LATEST OPERATIONS:

Objective: To implement the International Wheat Agreement. The objective of the International Wheat Agreement is to assure supplies of wheat to <u>importing</u> countries and markets for wheat to <u>exporting</u> countries at equitable and stable prices.

Eligibility: Importing countries that have approved the International Wheat Agreement are eligible to purchase approximately 168 million bushels of wheat and wheat flour equivalent produced in the United States at specified prices. The wheat and wheat flour may be sold by the CCC or by commercial exporters.

Operations: There are two types of activities under this operation: (1) Sale of wheat acquired under the price support program and wheat and wheat flour acquired under the supply program which the Corporation determines to be eligible for recording against the guaranteed quantities of the U. S. Government and the importing countries under the International Wheat Agreement. Sales are made at prices not in excess of the maximum equivalent price provided

in the International Wheat Agreement. Sales prices may be determined at the time of sale and in advance of the date of shipment. In addition, purchaser may be charged for carrying charges and marketing costs as permitted under the International Wheat Agreement; (2) The Corporation is authorized to make payments to commercial exporters of domestic wheat and wheat flour processed therefrom in the United States pursuant to sales to participating countries which the Commodity Credit Corporation determines are eligible for entering in the records of the Wheat Council as sales against the guaranteed quantities of this country. The payments will be made on the basis of published announcements of the rate for the date or period of sale. Rates will be determined on the basis of the relationship between current domestic market prices and current prices equivalent to the International Wheat Agreement basic maximum price of $1.80 per bushel for No. 1 Manitoba Northern wheat in bulk at Port Willian and Port Arthur.

Since the exact cost of operations under the agreement cannot be determined until the end of any fiscal year, the International Wheat Agreement Act of 1949 authorizes the Corporation to use its general borrowing authority to pay current obligations and then request the Congress for an appropriation to reimburse the Corporation for any losses incurred under this program. Pending such reimbursement, the Corporation is authorized to establish the net costs of operations under the agreement as an account receivable.

Authority: Section 2 of the International Wheat Agreement Act of 1949 (Public Law 421, 81st Congress) and Commodity Credit Corporation Charter Act, as amended, particularly Sections 5(c), (f) and (g) thereof.

BASIS, 1951 ESTIMATE: The budget estimate is based on the assumption that the United States export quota under the International Wheat Agreement will be 168 million bushels for fiscal year 1951 and that sales will be made at the maximum price provided in the agreement. The cost of such exports to the government is estimated at $75,600,000, but the Corporation will recover these costs through an appropriation as described above. In arriving at this amount it is assumed that the average domestic market price during fiscal year 1951 converted to an f.o.b. ocean vessel basis will be $2.38 per bushel. The maximum comparable Wheat Agreement price is about $1.93 per bushel. Thus, the difference between $2.38 and $1.93 or 45 cents per bushel represents the per bushel cost chargeable to the International Wheat Agreement.

Of the total U.S. quota, it is estimated that 125 million bushels will be handled through commercial channels and the balance of 43 million bushels will be exported from CCC stocks.

STORAGE FACILITIES PROGRAM

Storage operations have been carried on by the Corporation since 1939 when grain bins were first acquired. While these operations are now being conducted as an integral part of the Price Support Program, it is proposed that they be classified under a new budgetary program as of July 1, 1950 because of the increasing importance and magnitude of these operations. Storage operations which would be transferred from the Price Support to the Storage Facilities program under this proposal are described as follows:

SUMMARY OF LATEST OPERATIONS:

Objective: To provide adequate storage facilities for CCC-owned and producer-owned commodities; to assist producers in financing the construction or purchase of suitable farm-storage facilities; to encourage the construction of needed commercial storage facilities; and to assist producers in financing the purchase of suitable mechanical driers to facilitate safe farm storage.

Operations: Bins and granaries are bought by the Corporation on an offer-and-acceptance basis and are located only in areas where it is determined that existing privately-owned storage facilities are not adequate. Contracts had been awarded through December 1, 1949 for the purchase of storage units having a capacity of approximately 328,000,000 bushels. This is in addition to the 45,000,000 bushel capacity purchased prior to 1941 and presently owned by the Corporation.

Storage use guarantees are made under agreements with commercial firms, including cooperatives, in order to encourage the construction of additional commercial storage facilities for grain in areas where additional facilities are necessary. Under this operation, the Corporation guarantees the use of 75 percent of the new storage capacity for a period of three years in completely new storage structures, and for a period of two years in new additions to existing storage structures. Storage occupancy agreements provide that 75 percent of the storage capacity be reserved for grain which may be tendered by the Corporation or by farmers for storage for their account. The rates in effect under the Uniform Grain Storage Agreement will be paid for grain stored in these facilities by the Corporation. If less than 75 percent of the facility is used, the Corporation will pay 10 cents a bushel for the first year, 9 cents for the second, and 8 cents for the third, for the unused portion of the 75 percent of capacity.

Recourse loans are made to producers, either through lending agencies or by the Corporation, for financing the construction or purchase of suitable farm-storage facilities. Loans are for a maximum period of about five years, payable in equal annual principal payments beginning January 31, 1951, with interest at the rate of 4 percent on the unpaid balance. The maximum amount

to be loaned on any new farm-storage facility is 45 cents per bushel of capacity ($30 per ton of cottonseed capacity), provided that such maximum amount does not exceed 85 percent of the cost incurred. Loans are secured by mortgages on such facilities. The Corporation may prepay, or require the borrower to prepay, the amount of any annual installment out of the proceeds from any price support loan or purchase agreement due the borrower within 12 months preceding the date on which the installment falls due. Any past due installment may be deducted and paid out of any amounts due the borrower on any program carried out by the Department of Agriculture.

Recourse loans are made to producers, either through lending agencies or by the Corporation, for financing the purchase of grain driers. Loans are for a maximum period of three years, payable in equal annual principal payments beginning January 31, 1951, with interest at the rate of 4 percent per annum on the unpaid balance. The maximum amount to be loaned on any single drier is 75 percent of the delivered cost. Loans are secured by chattel mortgages. The Corporation may prepay, or require the borrower to prepay, the amount of any annual installment out of the proceeds from any price support loan or purchase agreement due the borrower within 12 months preceding the date on which the installment falls due. Any past due installment may be deducted and paid out of any amounts due the borrower on any program conducted by the Department of Agriculture.

Authority: Commodity Credit Corporation Charter Act (62 Stat. 1070-1075, as amended by P. L. 85, 81st Cong.; 15 U.S.C., Sup.II §§ 714-714c), particularly sections 4(h) and 5(a) and (b).

BASIS, 1951 ESTIMATE: It is anticipated that the Corporation will acquire about 50 million bushel storage capacity during fiscal year 1951. This additional capacity is believed to be necessary since the Corporation's stocks of corn, wheat, barley, and grain sorghums are estimated to increase from 695 million bushels as of June 30, 1950 to 1,226 million bushels as of June 30, 1951; and commercial facilities are not expected to be adequate to provide space for the total increase. Capacity provided during fiscal year 1951 by storage use guarantees is estimated at 300 million bushels.

It is anticipated that loans will be made to producers in order to construct additional farm storage facilities and to repair or replace present structures which are inadequate to meet the producers' needs, Such loans are expected to provide about 100 million bushels farm storage capacity.

(a) Administrative Expenses, Commodity Credit Corporation

Appropriation Act, 1950		$12,000,000
Supplemental Appropriation for 1950 (Second Supplemental Appropriation Act, 1950)		3,000,000
Anticipated Supplemental, 1950:		
Pay adjustments	$319,600	
Rent increase	100,400	420,000
Base for 1951		15,420,000
Budget Estimate, 1951		16,750,000
Increase		+1,330,000

SUMMARY OF INCREASES AND DECREASES, 1951

For increased work on price support programs	+1,067,848
To place on a full-year basis projects begun in fiscal year 1950	+160,490
Decrease for completion of liquidation of subsidy programs	-60,664
To place on a full-year basis in 1951, pay adjustments under P. L. 429 which were in effect for only a part of fiscal year 1950	+162,326

PROJECT STATEMENT
(Amounts Shown Include Pay Adjustment Costs)

Project or Function	1949	1950 (estimated)	Increase or decrease: P.L. 429 adjustment	Increase or decrease: Other	1951 (estimated)
1. Price support program	$10,439,967	$14,368,799	+$151,937	+$1,067,848(1)	$15,588,584
2. Commodity export program	39,586	433,532	+4,545	+70,295(2)	508,372
3. Foreign purchase program	89,068	- -	- -	- -	- -
4. Storage facilities program	- -	*557,005	+5,844	+90,195(2)	653,044
5. Subsidy program (in liquidation)	237,515	60,664	- -	-60,664(3)	- -
Total pay adjustment costs:					
P.L. 429	- -	[319,600]	[+162,326]	[+44,509]	[526,435]
P.L. 359		[1,663]	[- -]	[- -]	[2,335]
Unobligated balance	8,564	- -	- -	- -	- -
Total available	10,814,700	15,420,000	+162,326(4)	+1,167,674	16,750,000
Anticipated supplemental	- -	-420,000			
Total limitation or estimate	10,814,700	15,000,000			

* Storage facilities program operated as an essential part of the price support program. Because of the importance of the operations, the budget proposes the establishment of a separate Storage Facilities Program Classification on July 1, 1950 and this amount is shown under the new program for purposes of comparability.

INCREASES OR DECREASES

The net increase of $1,330,000 in this item for 1951 consists of the following:

(1) An increase of $1,067,848 for increased work on price support programs.

Need for Increase: Based on current estimates, wheat and corn inventories owned by the Corporation will increase from approximately 640 million bushels at the close of fiscal year 1950 to over 1 billion 180 million bushels at the close of fiscal year 1951. It is also estimated that it will be necessary to service a cotton inventory of more than 3 million bales throughout the year. These substantial increases in inventory volume in the above basic commodities and in the number and types of designated nonbasic and other commodities being handled by the Corporation will add greatly to the work of inventory management, commodity inspection and care, and related activities.

The 1951 budget estimates reflect a decrease in loans made. This occurs in part because it is assumed that a smaller crop will be harvested due to assumed lower yields per acre from the recent record and near record yields of the last two years and also because of expected reductions in acreage resulting from marketing quotas and acreage allotments. It should be noted, however, that the budget estimates indicate substantial increases in collateral acquisitions of grains. The acquisition of loan collateral, particularly farm stored loans, with resultant reconcentration, verification of deliveries, and settlements with producers, warehousemen, railraods, and others requires a greater expenditure of administrative funds than the making of loans on an equivalent amount of commodities. During the fiscal year 1951, the Corporation will be engaged in completing the liquidation of matured loans on 1949 crops, at the same time handling new loans on the 1950 crop.

The sales of commodities acquired under the price support programs of the Corporation during the fiscal year 1951 are expected to be about equal to the estimated record levels of the fiscal year 1950. The dollar value of such sales activity in 1951 is expected to be approximately 1 billion 265 million dollars as compared with 1 billion 285 million dollars in the fiscal year 1950. Large increases in disposal activities on cotton, grain sorghums, wool, and rice are expected. These increases are expected to be offset only in part by declines in purchases of corn, peanuts, dairy products, and linseed oil. Increases in volume of purchases are expected in wool, mohair, and seed.

(2) Increase of $160,490 under projects 2 and 3 to place on a full year's basis projects begun during the fiscal year 1950.

Need for Increase: Because the operations of the Corporation connected with the International Wheat Agreement and the Grain Storage Facilities operations were not started until after July 1, 1949, and did not reach normal required levels of operation until some time later, provision has been made in the estimates to place the estimated costs of these activities on an annual basis.

(3) A decrease of $60,664 due to final liquidation of subsidy programs. Present plans provide for completing the liquidation of subsidy programs of earlier years by June 30, 1950.

(4) Increase of $162,326 to place on a full-year basis in 1951 pay adjustments under P. L. 429 which were in effect for only a part of the fiscal year 1950.

SUMMARY

The increase in administrative expenses would provide for salaries and related expenses for approximately 295 man-years of employment to handle the work in connection with price support and associated programs of the Corporation, of which about 80% would be in the field. Many of the trained employees who have been engaged in supply functions during the past few years and were paid from fund reimbursements obtained from foreign and other claimants under the supply program, would be paid from funds authorized for the Corporation. This arises entirely because many of the commodities which will be acquired under price support programs in 1951 were purchased for and delivered to claimants under the supply program in prior years.

The following tables reflect in summary by commodity and fiscal year, the increase in volume which increases the workload of the Corporation:

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

Commodity Credit Corporation: Nothing in this Act shall be so construed as to prevent the Commodity Credit Corporation from carrying out any activity or any program authorized by law: PROVIDED, That not to exceed [$12,000,000] $16,750,000 shall be available for administrative expenses of the Corporation
1 [and not to exceed $400 for periodicals, maps, and newspapers]: PROVIDED FURTHER, That all necessary expense (including legal and special services performed on a contract or fee basis, but not including other personal services) in connection with the acquisition, operation, maintenance, improvement, or disposition of any real or personal property belonging to the Corporation or in which it has an interest, including expenses of collections of pledged collateral, shall be considered as non-
2 administrative expenses for the purposes hereof: PROVIDED FURTHER, That the Secretary of the Treasury is hereby authorized and directed to discharge $170,515,131 of the indebtedness of the Commodity Credit Corporation to the Secretary of the Treasury by canceling notes in such amount issued by the Corporation to the Secretary of the Treasury pursuant to section 4 of the Act of March 8, 1938, as amended (15 U.S.C. 713a-4).

The first change in language proposes deletion of the limitation on purchases of periodicals, maps, and newspapers. Public Law 600, approved August 2, 1946, repealed the former statutory requirements that specific authorization for the purchase of newspapers, books of reference, and periodicals, be carried in either substantive legislation or the appropriation act. Therefore, retention of the subject limitation is no longer necessary, and its deletion is proposed to simplify the accounting and auditing work incident thereto.

The second change in language is proposed to authorize the Secretary of the Treasury to restore the amount of capital impairment of the Commodity Credit Corporation. The Act of March 8, 1938, as amended, provides that the Secretary of the Treasury shall make an appraisal of all the assets and liabilities of the Commodity Credit Corporation for the purpose of determining the net worth of the Corporation. In the event that the appraisal establishes that the net worth of the Corporation is less than $100,000,000 the Secretary of the Treasury shall restore the amount of capital impairment. The estimate of $170,515,131 proposed for cancellation of notes by the Secretary of the Treasury is subject to adjustment pending completion of the annual appraisal of the Corporation as of June 30, 1949.

UNITED STATES DEPARTMENT OF AGRICULTURE
Production and Marketing Administration
COMMODITY CREDIT CORPORATION

Estimated Quantities of Price Support Commodities in Beginning and Ending Inventory, Fiscal Years 1950 and 1951, as Compared With Actual Inventories, Fiscal Year 1949

Commodity	Actual, Fiscal Year 1949		Estimate, Fiscal Yr. 1950		Estimate, Fiscal Yr. 1951	
	Beginning Inventory	Ending Inventory	Beginning Inventory	Ending Inventory	Beginning Inventory	Ending Inventory
	IN THOUSAND BUSHELS					
Corn	-	5,648	5,648	415,000	415,000	855,000
Wheat	1	227,178	227,178	225,000	225,000	325,000
Barley	-	24,934	24,934	30,000	30,000	25,000
Flaxseed	105	17,525	17,525	16,813	16,813	12,813
Potatoes, Sweet	-	-	-	-	-	-
Soybeans	-	10,343	10,343	10,000	10,000	10,000
Oats	-	9,881	9,881	5,000	5,000	-
Rye	-	778	778	-	-	-
Potatoes	1,990	1,688	1,688	-	-	-
Total, thousand bushels	2,096	297,975	297,975	701,813	701,813	1,227,813
	IN THOUSAND POUNDS					
Rice	-	1,074	1,074	291,100	291,100	85,000
Beans, dry edible	-	482,486	482,486	894,700	894,700	894,700
Seed, Hay Pasture	8,333	725	725	1,000	1,000	4,000
Seed, Winter Cover	33,208	-	-	1,000	1,000	20,000
Grain Sorghums	-	1,365,938	1,365,938	1,400,000	1,400,000	1,200,000
Peanuts, No. 2 Shelled	-	14,726	14,726	-	-	-
" , Farmers Stock	2,904	72,639	72,639	-	-	-
Linseed Oil	371	295,836	295,836	492,685	492,685	487,085
Flax Fiber	89	236	236	-	-	-
Hemp	1,246	-	-	-	-	-
Rosin	-	210,876	210,876	322,400	322,400	374,400
Dairy Products (Total)	(-)	(89,796)	(89,796)	(190,000)	(190,000)	(180,000)
Butter	-	6,386	6,386	50,000	50,000	50,000
Cheese	-	-	-	40,000	40,000	30,000
Milk, nonfat, dry	-	83,410	83,410	100,000	100,000	100,000
Mohair	-	-	-	1,000	1,000	5,000
Wool	166,654	96,020	96,020	96,020	96,020	101,020
Chickens, dressed	-	-	-	5,000	5,000	-
Turkeys	-	-	-	-	-	-
Fruits, dried	-	14,906	14,906	-	-	-
Pork	-	-	-	-	-	-
Cottonseed	-	-	-	-	-	-
Tobacco	6,385	3,534	3,534	-	-	-
Peas, smooth, dry, edible	-	40,282	40,282	20,000	20,000	20,000
Sugar	-	-	-	-	-	-
Tung oil	6,761	-	-	-	-	-
Tung nuts	-	-	-	-	-	-
Honey	-	-	-	-	-	-
Total, thousand pounds	225,951	2,689,074	2,689,074	3,714,905	3,714,905	3,371,805
	IN THOUSAND GALLONS					
Turpentine	1,900	3,410	3,410	5,000	5,000	5,000
	IN BALES					
Cotton: Upland	67	459	459	3,036,399	3,036,399	3,536,399
American Egyptian	-	32	32	-	-	-
	IN THOUSAND DOZENS					
Eggs	55,100	187,026	187,026	30,000	30,000	30,000

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UNITED STATES DEPARTMENT OF AGRICULTURE
Production and Marketing Administration
COMMODITY CREDIT CORPORATION

Estimated Quantity of Commodities To Be Handled Under Price Support Purchase and Sales Operations, Fiscal Years 1950 and 1951 Compared to Actual Operations, Fiscal Year 1949

Commodity	Fiscal Year 1949, Actual			Fiscal Yr. 1950, Estimates			Fiscal Yr. 1951, Estimates		
	Purchases	Sales	Total	Purchases	Sales	Total	Purchases	Sales	Total
				IN THOUSAND BUSHELS					
Corn	3,483	2,452	5,935	120,000	55,905	175,905	100,000	60,000	160,000
Wheat	57,364	38,673	96,037	25,000	243,105	268,105	25,000	225,000	250,000
Barley	9,841	3,825	13,666	5,000	36,450	41,450	5,000	25,000	30,000
Flaxseed	23,628	6,795	30,423	4,000	7,001	11,001	2,000	8,000	10,000
Potatoes, Sweet	154	153	307	260	260	520	-	-	-
Soybeans	3,717	41	3,758	6,000	10,532	16,532	6,000	10,000	16,000
Oats	4,569	2,444	7,013	-	13,916	13,916	-	5,000	5,000
Rye	324	11	335	-	952	952	-	-	-
Potatoes	130,503	130,515	261,018	50,000	51,688	101,688	65,000	65,000	130,000
Total, thousand bushels	233,583	184,909	418,492	210,260	419,809	630,069	203,000	398,000	601,000
				IN THOUSAND POUNDS					
Sugar	292	292	584						
Tung Nuts	-	-	-	-	129,000	129,000	-	146,000	146,000
Tung Oil	713	7,468	8,181	-	-	-	-	-	-
Honey	5,837	5,837	11,674	15,000	15,000	30,000	15,000	15,000	30,000
Rice	552	-	552	260,000	70,031	330,031	100,000	356,100	456,100
Beans, dry, edible	140,377	5,311	145,688	143,000	50,147	193,147	-	-	-
Seed, hay pasture grass	-	7,607	7,607	1,000	725	1,725	4,000	1,000	5,000
Seed, winter cover	-	33,196	33,196	1,000	-	1,000	25,000	6,000	31,000
Grain Sorghums	217,700	779,238	996,938	200,000	1,367,685	1,567,685	200,000	1,400,000	1,600,000
Peanuts, No. 2 Shelled	586,746	613,155	1,199,901	372,338	387,064	759,402	124,072	124,072	248,144
" Farmers Stock	312,818	179,027	491,845	150,903	238,243	389,146	70,000	100,000	170,000
Linseed Oil	304,206	8,699	312,905	200,000	3,151	203,151	-	5,000	5,000
Flax Fiber	-	1,291	1,291	-	236	236	-	-	-
Hemp	-	1,292	1,292	-	-	-	-	-	-
Dairy Products: (Total)	(97,708)	(7,779)	(105,487)	(525,000)	(424,796)	(949,796)	(300,000)	(310,000)	(610,000)
Milk, nonfat, dry	91,322	7,779	99,101	325,000	308,410	633,410	200,000	200,000	400,000
Cheese	-	-	-	50,000	10,000	60,000	50,000	60,000	110,000
Butter	6,386	-	6,386	150,000	106,386	256,386	50,000	50,000	100,000
Mohair	-	-	-	1,000	-	1,000	4,000	-	4,000
Wool	82,779	148,644	231,423	130,000	130,000	260,000	165,000	160,000	325,000
Chickens, dressed	-	-	-	5,000	-	5,000	5,000	10,000	15,000
Turkeys, dressed	-	-	-	3,000	3,000	6,000	8,000	8,000	16,000
Fruit, dried	272,577	257,667	530,244	-	14,906	14,906	-	-	-
Pork	-	-	-	300,000	300,000	600,000	100,000	100,000	200,000
Cottonseed	-	-	-	3,000,000	3,200,000	6,200,000	-	200,000	200,000
Tobacco	-	2,851	2,851	-	3,534	3,534	-	-	-
Peas, smooth, dry, edible	40,282	-	40,282	10,000	40,349	50,349	-	-	-
Total, thousand pounds	2,062,587	2,059,354	4,121,941	5,317,241	6,377,867	11,695,108	1,120,072	2,941,172	4,061,244
				IN BALES					
Cotton: Upland	6	29,504	29,510	-	750,459	750,459	-	2,000,000	2,000,000
American Egyptian	-	-	-	-	582	582	-	600	600
				IN THOUSAND GALLONS					
Turpentine	-	2,020	2,020	-	1,410	1,410	-	-	-
				IN THOUSAND DOZEN					
Eggs	199,049	67,089	266,138	60,000	217,026	277,026	30,000	30,000	60,000

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UNITED STATES DEPARTMENT OF AGRICULTURE
Production and Marketing Administration

Estimated Quantities of Commodities To Be Handled Under Price Support "Loan Operations" in Fiscal Years 1950 and 1951, as Compared to Actual Quantities Handled, Fiscal Year 1949

Commodity	Fiscal Year 1949, Actual				Fiscal Year 1950, Estimate				Fiscal Year 1951, Estimate			
	Loans Made	Repay-ments	Collateral Acquired	Total Quantity Handled	Loans Made	Repay-ments	Collateral Acquired	Total Quantity Handled	Loans Made	Repay-ments	Collateral Acquired	Total Quantity Handled
	IN THOUSAND BUSHELS											
Corn	336,522	2,517	4,396	343,435	510,000	65,000	345,257	920,257	300,000	180,000	400,000	880,000
Wheat	255,336	30,257	207,676	493,269	350,000	145,059	215,927	710,986	370,000	70,000	300,000	740,000
Barley	34,091	3,542	18,834	56,467	35,000	10,000	36,516	81,516	25,000	10,000	15,000	50,000
Oats	15,226	3,186	7,639	26,051	20,000	15,346	9,035	44,381	10,000	10,000	-	20,000
Rye	762	118	464	1,344	1,000	1,000	175	2,175	1,000	1,000	-	2,000
Flaxseed	1,389	326	821	2,536	5,000	3,000	2,289	10,289	5,000	3,000	2,000	10,000
Soybeans	6,998	703	6,594	14,295	12,000	8,000	4,189	24,189	12,000	8,000	4,000	24,000
Potatoes	36,178	35,261	-	71,439	44,500	45,594	-	90,094	51,666	51,666	-	103,332
Total, thousand bushels	686,502	75,910	246,424	1,008,836	977,500	292,999	613,388	1,883,887	774,666	333,666	721,000	1,829,332
	IN THOUSAND POUNDS											
Rice	15,299	14,715	522	30,536	200,000	100,000	100,056	400,056	100,000	50,000	50,000	200,000
Beans, dry, edible	404,786	37,899	347,253	789,938	500,000	200,000	319,361	1,019,361	-	-	-	-
Peas, smooth, dry, edible	129	62	-	191	25,000	15,000	10,067	50,067	-	-	-	-
Grain sorghums	1,941,964	28,105	1,910,242	3,880,311	2,000,000	800,000	1,201,747	4,001,747	2,000,000	1,000,000	1,000,000	4,000,000
Peanuts	482,721	471,178	-	953,899	464,700	507,416	14,700	986,816	380,000	350,000	30,000	760,000
Flax fibers	-	-	1,435	1,435	-	-	-	-	-	-	-	-
Tobacco	229,998	220,729	-	450,727	235,000	270,265	-	505,265	212,000	214,120	-	426,120
Rosin	232,442	12,035	210,880	455,357	115,853	22,157	111,524	249,534	60,000	28,000	52,000	140,000
Cottonseed	-	-	-	-	600,000	400,000	200,000	1,200,000	1,000,000	800,000	200,000	2,000,000
Tung Nuts	-	-	-	-	129,000	-	129,000	258,000	146,000	-	146,000	292,000
Raisins	-	-	-	-	130,000	90,000	-	220,000	-	40,000	-	40,000
Total, thousand pounds	3,307,339	784,723	2,470,332	6,562,394	4,399,553	2,404,838	2,086,455	8,890,846	3,898,000	2,482,120	1,478,000	7,858,120
	IN BALES											
Cotton: Upland	5,270,599	1,406,357	28,395	6,705,351	5,000,000	2,091,367	3,736,399	10,877,766	3,000,000	2,000,000	2,500,000	7,500,000
American Egyptian	550	-	32	582	1,800	1,000	550	3,350	-	200	600	800
	IN THOUSAND GALLONS											
Turpentine	2,975	255	3,530	6,760	3,599	1,000	3,000	7,599	750	1,000	-	1,750

Office of Budget
12/15/49

AGRICULTURAL CONSERVATION PROGRAM

Purpose Statement

The Agricultural Conservation Program is formulated under the provisions of Section 7 to 17, inclusive, of the Soil Conservation and Domestic Allotment Act, as amended, and is financed from the "Conservation and Use of Agricultural Land Resources" appropriation item.

The purposes of the Act include the preservation and improvement of soil fertility, and promotion of the economic use and conservation of land. To effectuate these purposes of the Act the Agricultural Conservation Program offers assistance to farmers and ranchers in all of the 48 States, Alaska, Hawaii, Puerto Rico, and the Virgin Islands in carrying out approved soil-building and soil-and-water-conserving practices.

Each State and each county selects approved conservation practices for which assistance will be offered in the State, county or other area. The practices selected are of the following approved types:

1. Practices to protect soil from wind and water erosion, such as terraces, sod waterways, and contour farming.
2. Practices to develop cropping systems that protect the soil and restore, improve, and maintain soil productivity, such as green manure and cover crops and the application of mineral elements on conserving crops.
3. Practices to restore and maintain range and permanent pasture such as grazing land management, pasture and range reseeding, and livestock water developments.
4. Practices to conserve and obtain efficient use of agricultural water, such as subsoiling and reorganization of irrigation systems.
5. Drainage practices, such as open farm drainage ditches and tile drains.
6. Farm woodland practices, such as planting forest trees and shrubs and improving a stand of forest trees.

The rates of assistance vary by practices and by States and area so as to make the most effective use of available funds. The average rate of assistance for all practices is less than one-half the cost of performing the practice, the farmer bearing the balance of the cost. Assistance is available in the form of materials or services furnished to the farmer for carrying out approved conservation practices or in the form of cash payments as partial reimbursement to the farmers who carry out approved practices at their own expense. Materials and services furnished to farmers are obtained through local private sources where practicable.

	Estimated, 1950	Budget estimate, 1951
Appropriated funds	$257,043,439	$285,000,000

(b) Conservation and Use of Agricultural Land Resources

Appropriation Act 1950 and Base for 1951	$257,043,439
Budget Estimate, 1951	285,000,000
Increase	+27,956,561

SUMMARY OF INCREASES AND DECREASES, 1951

To assist farmers in carrying out additional soil conservation practices	$ +26,740,678
For necessary adjustments in rates of pay of personnel of PMA County Committees	+1,430,000
For placing on a full year basis in 1951 pay adjustments under Public Law 429 which were in effect for only a part of the fiscal year 1950	+50,583
Decrease in transfers to cooperating agencies for issuing checks and preauditing applications for agricultural conservation payments	-264,700

The Agricultural Conservation Program is operated on a calendar (crop) year basis. The 1949 program which closed December 31, 1949, is financed from funds provided in the 1950 Appropriation Act. In that Act, the Congress authorized the formulation and administration of a 1950 Agricultural Conservation Program amounting to $285,000,000. It is for this program that the 1951 Budget Estimate is submitted as reflected in the project statement below.

(See following page for Project Statement)

PROJECT STATEMENT
(Amounts Shown Include Pay Adjustment Costs)

Project	On a Program Basis				
	1948 (Fiscal Year 1949) (estimated)	1949 (Fiscal Year 1950) (estimated)	Increase or Decrease: P.L. 429 Adjustment	Increase or Decrease: Other	1950 (Fiscal Year 1951) (estimated)
Agricultural Conservation Program:					
Conservation payments to farmers ...	$129,869,776	$230,669,818	- -	+$26,740,678(1)	$257,410,496
PMA County Committee Operating Costs	14,854,000	20,854,000	- -	+1,430,000(2)	22,284,000
National and State operating expenses	4,983,499	5,097,487	+49,265	- -	5,146,752
Transfers to cooperating agencies ..	422,108	422,134	+1,318	-264,700(3)	158,752
Total pay adjustment costs:					
Public Law 429	[- -]	[111,069]	[+50,583]	[- -]	[+161,652]
Public Law 359	[- -]	[332]	[- -]	[- -]	[467]
Total available	150,129,383	257,043,439	+50,583(4)	+27,905,978	285,000,000
Adjustments:					
Difference in amount used for advance purchases of conservation materials and services from prior fiscal years' appropriations for current program and amount to be used for advance purchase of conservation materials and services from current fiscal year's appropriation for ensuing calendar year	+18,851,399	- -			
Received by Loan from CCC	-24,000,000	-10,000,000			
Repayment of Loan from CCC	- -	+10,000,000			
Transfer in 1950 estimates from "Printing and binding, Department of Agriculture"	-129,383				
Transfer in 1950 estimates to "Acreage allotments and marketing quotas, Department of Agriculture"	+14,883,101				
Total appropriation or estimate	159,734,500	257,043,439			

INCREASES AND DECREASES

The net increase of $27,956,561 in this item for 1951 is composed of the following:

(1) An increase of $26,740,678 to assist farmers in carrying out additional soil conservation practices.

In view of the recognized need for an enlarged program for soil and water conservation, the Congress increased the authorization for the development of the 1950 program.

Although much has been done through the program in encouraging farmers to increase their use of conservation measures, the needs are so great that continued and increased efforts are necessary. The present downward trend in farm prices and farm income will tend to discourage farmers from carrying out needed conservation measures that do not bring about immediate returns. Also, reduced acreages of cash crops in surplus supply add to the conservation problem in that it is imperative that the best possible conservation uses be made of the acreage taken out of production.

The increased funds for the 1950 program will bring about the performance of conservation practices on more farms as well as total increased performance of the practices.

(2) An increase of $1,430,000 in the limitation for operating expenses for adjustment in rates of pay of personnel of PMA county committees.

It is not proposed to increase salaries of PMA county committees and their employees so that they will be equal to those paid by industry. However, it appears only equitable that funds be provided so that salaries may be adjusted to bring them more in line with those paid for similar work by private employers in the immediate vicinity. Otherwise, Production and Marketing Administration county committees would be penalized because they could not retain personnel at prevailing salary rates, and if they elected to grant increases in pay they would be compelled to reduce personnel further. PMA county committee employees are responsible for many complex programs that involve enormous quantities of commodities and materials, huge farming and fiscal operations and marketing controls on basic crops. There have been no general increases in rates of pay of PMA county committee personnel in the past six years. Federal employees and workers in private industry have had four general increases in that period. Even though some pay increases have been made by the PMA county committees, wages presently paid to county personnel are considerably below those paid in the same community for comparable work. Failure to establish more nearly comparable rates of pay has resulted in excessive turnover in personnel. The inevitable result of the high rate of turnover is reduced efficiency and increased operating expenses resulting from time spent in training replacements.

Volume of work in the county offices is very heavy. In connection with the 1948 Agricultural Conservation Program, purchase orders in excess of $42,000,000 were issued covering approximately 90,000,000 pounds of legume and grass seed; 8,500,000 tons of lime, phosphate and other minerals; 4,250,000 kudzu crowns; 139,000,000 linear feet of terraces; 34,500,000 cubic yards of each moved for drainage ditches, livestock ponds and dams; and numerous other miscellaneous services such as building of firebreaks, planting of trees, elimination of destructive plants, leveling land for irrigation, etc. Loans on over 500,000,000 bushels and over 45,000,000 hundredweight of commodities with a loan value in excess of one billion dollars were processed on 1948 crops. Purchase agreements were negotiated on more than 330,000,000 bushels and nearly 11,000,000 hundredweight of grains produced in 1948 with an estimated loan value of over $500,000,000. Over 80,000,000 hundredweight of the 1948 crop of potatoes were purchased. A large portion of the 143,726 crop insurance contracts on 1948 crops with approximately $12,700,000 premiums earned and a total coverage of over $148,000,000 were sold through the PMA county committees. Over 37,000 applications for 1948 conditional sugar payments were processed.

It will be possible to increase the general average of county wages by three to four percent in the fiscal year 1950. The increase of about eight percent proposed for the fiscal year 1951 would raise the average rate to about 83 percent of those paid for comparable work by other employers in the same communities. Of the proposed increase, $1,430,000 would permit adjustments in salaries paid to PMA county committee personnel to the extent financed from this appropriation as follows:

Type of Personnel	Fiscal Year 1950			Proposed for fiscal year 1951			Increase
	Man Days (Rounded)	Average Rate per Day	Actual Cost	Man Days	Average Rate per Day	Cost	
PMA County Committeemen	$244,696	$7.20	$1,761,830	$244,696	$7.82	$1,913,542	$151,712
PMA Community Committeemen	312,338	6.60	2,061,431	312,338	7.17	2,239,464	178,033
All other personnel	1,803,697	7.78	14,032,763	1,803,697	8.39	15,133,018	1,100,255
Total personnel	2,360,731		17,856,024	2,360,731		19,286,024	1,430,000
All other expenses			2,997,976			2,997,976	
Total expenses			20,854,000			22,284,000	1,430,000

(3) A decrease of $264,700 in transfers to cooperating agencies for check issuing services and preauditing applications for agricultural conservation payments.

A decrease of $264,700 of which $3,900 is a decrease in the transfer to the Office of the Treasurer of the United States for check issuing services, and $260,800 is due to elimination in 1951 of transfer to the General Accounting Office for preauditing applications for agricultural conservation payments since the 1951 estimates provide for a direct appropriation to the General Accounting Office for this purpose.

(4) Increase of $50,583 to place on a full-year basis in 1951 pay adjustments under Public Law 429 which were in effect for only a part of the fiscal year 1950.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

To enable the Secretary to carry into effect the provisions of sections 7 to 17, inclusive, of the Soil Conservation and Domestic Allotment Act, approved February 29, 1936, as amended (16 U.S.C. 590g-590q), including personal services in the District of Columbia; not to exceed $6,000 for the preparation and display of exhibits, including such displays at State, interstate, and international fairs within the United States;
1 [and for the replacement of one passenger motor vehicle for use of the Production and Marketing Administration; $257,043,439] $285,000,000 to remain available until December 31 of the next succeeding fiscal year for compliance with the program of soil-building practices and soil-and-water-conserving practices authorized under this head in the Department of Agriculture Appropriation Act, [1949] 1950, carried out during the period July 1, [1948] 1949, to December 31, [1949] 1950, inclusive: Provided,
2 That not to exceed [$25,846,439] $27,430,752 of the total sum provided under this head shall be available during the current fiscal year for salaries and other administrative expenses for carrying out such program, the cost of aerial photographs, however, not to be charged to such limitation; but not more
3 than [$5,200,000] $5,354,000 shall be transferred to the appropriation account, "Administrative expenses, section 392, Agricultural Adjustment Act of 1938": Provided further, That payments to claimants hereunder may be made upon the certificate of the claimant, which certificate shall be in such form as the Secretary may prescribe, that he has carried out the conservation practice or practices and has complied with all other requirements as conditions for such payments and that the statements and information contained in the application for payment are correct and true, to the best of his knowledge and belief, under the penalties of title 18, United States Code: Provided further, That none of the funds herein appropriated or made available for the functions assigned to the Agricultural Adjustment Agency pursuant to the Executive Order Numbered 9069, of February 23, 1942, shall be used to pay the salaries or expenses of any regional information

employees or any State information employees, but this shall not preclude the answering of inquiries or supplying of information at the county level to individual farmers: Provided further, That such amount shall be available for salaries and other administrative expenses in connection with the formulation and administration of the [1950] 1951 program of soil-building practices and soil-and-water-conserving practices, under the Act of February 29, 1936, as amended (amounting to
4 [$300,000,000, of which not to exceed $15,000,000 may be used for acreage allotments and marketing quotas] $285,000,000, including administration, and formulated on the basis of a distribution of the funds available for payments and grants among the several States in accordance with their conservation needs as determined by the Secretary, except that the proportion allocated to any State shall not be reduced more
5 than 15 per centum from the [1946] distribution for the next preceding program year, and no participant shall receive more than $2,500); but the payments or grants under such programs shall be conditioned upon the utilization of land with respect to which such payments or grants are to be made in conformity with farming practices which will encourage and provide for soil-building and soil-and-water-conserving practices in the most practical and effective manner and adapted to conditions in the several States, as determined and approved by the State committees appointed pursuant to section 8 (b) of the Soil Conservation and Domestic Allotment Act, as
6 amended, (16 U.S.C. 590h(b)) for the respective States:
7 [Provided further, That the Secretary may, in his discretion, from time to time transfer to the General Accounting Office such sums as may be necessary to pay administrative expenses of said office in auditing payments under this head:] Provided further, That the county agricultural conservation committee in any county with the approval of the State committee may allot not to exceed 5 per centum of its allocation for the agricultural conservation program to the Soil Conservation Service for the services of its technicians in formulating and carrying out the agricultural conservation program and the funds so allotted shall be utilized by the Soil Conservation Service for technical and other assistance in such county: Provided further, That such amounts shall be available for the purchase of seeds, fertilizers, lime, trees, or any other farming materials, or any soil-terracing services, and making grants thereof to agricultural producers to aid them in carrying out farming practices approved by the Secretary under programs provided for herein: Provided further, That no part of any funds available to the Department, or any bureau, office, corporation, or other agency constituting a part of such Department, shall be used in the current fiscal year for the payment of salary or travel expenses of any person who has been convicted of violating the Act entitled "An Act to prevent pernicious political activities", approved August 2, 1939, as amended, or who has been found in

accordance with the provisions of title 18, United States Code, section 1913, to have violated or attempted to violate such section which prohibits the use of Federal appropriations for the payment of personal services or other expenses designed to influence in any manner a Member of Congress to favor or oppose any legislation or appropriation by Congress except upon request of any Member or through the proper official channel.

Other than the usual changes in year dates applicable to the programs covered by the appropriation and the period of availability thereof, the estimates include proposed changes in language of the items as follows:

The first change deletes the non-recurring provision provided in the 1950 Agricultural Appropriation Act for the replacement of a passenger motor vehicle.

The second change increases the amount available for salaries and other administrative expenses from $25,846,439 ($25,846,439 in the 1950 Agricultural Appropriation Act plus $105,048 anticipated increase in limitation in 1950 due to pay adjustments under Public Law 429, making a total of $25,951,487) to $27,430,752. This increase is to permit adjustments in rates of pay for PMA County Committee personnel, and to place on a full year basis in 1951 pay adjustments under Public Law 429 which were in effect for only a part of the fiscal year 1950.

The third change in language is for the purpose of increasing the limitation on the amount to be transferred to the appropriation account established under section 392 of the Agricultural Adjustment Act of 1938 from $5,200,000 to $5,354,000 to provide for pay adjustments under P.L. 429.

The fourth change deletes the proviso "of which not to exceed $15,000,000 may be used for acreage allotments and marketing quotas", contained in the 1950 Appropriation Act retention of which is not necessary since the operation of acreage allotments and marketing quota programs on the basic crops are financed from the separate appropriation for that purpose.

The fifth change substitutes "for the next preceding program year" for "1946" in the proviso that the proportion of funds available for payments and grants allocated to any State shall not be reduced more than 15 per centum from the 1946 distribution. This change is necessary so that the allocations for payments and grants may be adjusted to current conservation needs and not be bound to a distribution that is no longer representative of actual requirements.

The sixth change adds the code reference for section 8(b) of the Soil Conservation and Domestic Allotment Act, as amended.

The seventh change deletes the proviso authorizing the Secretary to transfer funds to the General Accounting Office for expenses of that office in preauditing applications for payments. The 1951 Budget Estimates provide for a direct appropriation to the General Accounting Office for this purpose.

STATUS OF PROGRAM

The Nation's soil and water problems start on the individual farms. The preservation of the Nation's agricultural resources, then, is dependent upon the positive performance by individual farmers of measures needed to build up and maintain the resources on their farms.

Approach

To obtain the needed performance a program must deal with the individual farmer and his farm--with the conservation problems on each farm and with the practices that must be carried out to maintain permanently the productive resources on each farm. The Agricultural Conservation Program uses this approach to the national soil and water conservation problem and offers assistance in cash or conservation materials and services to encourage farmers to adopt new practices or to increase the performance of needed practices.

Conservation Needs

Beginning with the 1948 Agricultural Conservation Program, the Congress each year has provided that the funds made available for the program be apportioned among the States based upon conservation needs as determined by the Secretary. The PMA State Committees, with the assistance of the PMA County Committees, in collaboration with the various Federal, State, and local agricultural agencies, estimate each State's conservation needs. These estimates are reviewed and adjustments are made, where necessary, to obtain a uniform basis of comparison among similar States. The final needs estimates for each State are approved by the Secretary and are used as the basis for allocating program funds.

Types of Practices

As a rule, the performance of a single practice will not meet the conservation needs on a farm. It usually requires the use of a combination of practices--the construction of various mechanical structures and the adoption of improved agronomic practices on each farm and ranch. The practices required to meet conservation needs generally fall into four major classes:

1. Construction practices such as terracing to prevent erosion, leveling land to permit more efficient use of irrigation water, building dams to encourage better distribution of grazing and to aid in flood control, etc.

2. Establishing pastures of perennial grasses and other permanent cover.

3. Growing annual cover crops such as winter or annual legumes to replace humus in the soil and to provide a cover to protect the land from wind or water erosion.

4. Applying minerals such as lime and phosphate to pasture and hayland sods to aid in establishing vegetative cover that is essential in conserving soil and water resources.

Variation in Practices and Practice Specifications

Conservation needs and conservation problems vary greatly from State to State, from county to county, and even from farm to farm. These extreme variations require considerable latitude for local adaptation. The National Bulletin which sets forth authorized practices for the entire country therefore provides maximum flexibility in the selection of practices to meet local and special conservation problems and in establishing rates of assistance (within the maximum set forth in the Bulletin) so as to make the most effective use of available funds. Likewise, conservation practice specifications for a particular practice are not the same in all States although the specifications for each practice are the result of practical experience and designed to meet the need in each area.

The practices and practice specifications included in the Agricultural Conservation Program reflect the work of Federal, State and local technical and research agencies and the entire fund of research knowledge and experience is brought directly into the formulation of the program. In an effort to improve the effectiveness of the program, Federal and State agricultural agencies have been requested to undertake the following types of research projects:

1. Gathering economic data on the costs and returns that can be expected from alternative conservation systems of farming which relate to the particular kind of farming that is to be practiced on the farm (livestock farming, diversified farming, raising cash crops, etc.).

2. Appraising conditions affecting the share of the cost of carrying out conservation practices that should be borne by the farmer and the Government in achieving desired conservation objectives under varying conditions.

3. Studying ways of developing supplies of better adapted and improved strains of grass and legume seeds needed in performing practices to enable farmers to adopt cropping systems and range management systems that protect the soil and restore or maintain soil fertility.

4. Developing water disposal systems better adapted to use of power equipment in farming operations.

5. Determining relative values of raw rock phosphate and superphosphate in growing conserving crops.

Program Administration

PMA State and County Committees administer the Agricultural Conservation Program in the States, counties and communities. County and community committees are composed of farmers elected by their neighbors and are thoroughly familiar with the conservation needs of the farms in their communities; the methods and practices followed by the farmers, and with the farmers themselves. This is of particular advantage in administering the program since each farm is a separate and distinct unit of operation. Efficient operation of the farm and effective application of the program must be based not only upon the different kinds and combinations of the soil on the farm but upon the ability, facilities, and the ideas and customs of the farmer himself.

1948 Agricultural Conservation Program

Participation. There was a substantial reduction in participation in the 1948 program due primarily to the reduction in funds available for assistance to farmers. The greatest loss in participation was among small farmers who could not afford the cost of establishing conservation practices with the reduced assistance available under the 1948 program. The following table shows the percentage participation and the gross amounts available for assistance to farmers under the 1947 and 1948 programs.

Program Year	Participation				Gross Assistance
	Farms (Percent)	Farmland (Percent)	Cropland (Percent)	Pasture (Percent)	(Million Dollars)
1947	47	59	64	55	245
1948	40	49	56	42	130

Practices carried out. Despite adjustments to meet changing requirements for high levels of production during and since the war, the program has been successful in getting performance of sound conservation measures. The following statement shows the extent of selected practices carried out under the 1946, 1947 and 1948 programs with a percentage comparison with the annual need for the practices.

Type of Practice	Unit	1946 Amount Performed under the Program	1946 Portion of annual need	1947 Amount Performed under the Program	1947 Portion of annual need	1948 Annual Needs 1/	1948 Amount Performed under the Program	1948 Portion of annual need
		Amount	Percent	Amount	Percent		Amount	Percent
1. Protective and green manure crops	1,000 acres	18,591	17	18,889	17	108,647	14,087	13
2. Terraces	miles	78,127	10	82,502	10	795,215	59,571	7
3. Contour strip-cropping	1,000 acres	609	15	764	19	3,982	193	5
4. Field strip-cropping	1,000 acres	6,095	17	6,305	17	36,905	6,232	17
5. Contour farming	1,000 acres	10,453	8	8,987	7	131,951	4,749	4
6. Dams for erosion control	number	38,670	38	48,349	48	100,183	29,694	30
7. Dams for livestock water	number	86,982	79	68,930	63	109,586	36,003	33
8. Dams for irrigation	number	971	8	1,435	12	11,542	912	8
9. Seeding pastures	1,000 acres	4,400	36	5,238	43	12,222	3,538	29
10. Tree planting	1,000 acres	44	3	45	3	1,515	61	4
11. Drainage	1,000 acres	4,872	74	5,596	85	6,550	3,291	50
12. Crop residue management	1,000 acres	5,888	19	5,507	18	31,442	3,845	12
13. Liming materials	1,000 tons	28,580	36	29,286	37	78,876	22,285	28
14. Phosphate for conserving uses (20% P_2O_5 equivalent)	1,000 tons	2,707	16	2,746	16	17,340	2,355	14
15. Potash for conserving uses (50% K_2O equivalent)	1,000 tons	142	3	175	4	4,118	147	4

1/ For purposes of comparison estimates for such practices as terraces, dams and drainage have been adjusted to annual need figures based on the expected life of the practices.

Examples of Current Progress

Improved Planning and Administration. Work was begun under the 1949 program in selected counties in nine States toward developing improved methods of planning and operating the program and aimed toward providing a systematic and effective means of helping farmer committeemen meet their responsibilities.

In carrying out the conservation program, as the first step, specialists reviewed and discussed local conservation problems with the community committeemen; ways of recognizing the problems; and the management practices or measures required to meet them. Community committeemen then accompanied each rancher or farmer in his community over his fields, pastures, range or woodland areas and obtained information from him with respect to the type of soil, topography and other factors affecting the use of the land and the conservation problems on each field or area. The committeemen also discussed with each farmer the conservation practices which were being performed; his intention of establishing a conservation system of farming; the additional practices or measures he planned to adopt, and the services which he would require. A copy of the farm information was furnished each farmer for his use and to the county and community committees to be used as a basis for a systematic followup and annual review.

This program is still on an experimental basis and it is not possible to gauge the value of this approach in terms of improved accomplishments. It is believed, however, that this kind of program will more nearly meet the conservation needs of each farm; will provide greater progress in establishing conservation systems of farming; and will encourage each farmer to improve and expand his conservation program as new information becomes available and new skills are developed. In fact, the results appear so promising that it is planned to expand this program in 1950 to counties in additional States.

The 1949 program was not completed until the end of the 1949 calendar year and no data are available at this time as to the extent or volume of practices carried out. Preliminary reports indicate that approximately 46 percent of the farms embracing 56 percent of the farmland, 63 percent of the cropland, and 48 percent of the pasture land will participate under the program.

Studies to Determine Needed Program Adjustments

1. Methods are being devised to determine the extent to which conservation measures are being used on farms in States and counties in addition to those for which assistance is provided under the program.

2. Procedure has been developed to obtain program statistics and other data which can be analyzed for the purpose of determining the effectiveness of program assistance in getting conservation practices incorporated into the farming system and of ascertaining how program adjustments such as reducing the

number of practices for which assistance is offered and varying the rates of assistance, affect the volume and extent of performance.

3. Plans are under way to establish a special advisory group of farmer committeemen to study the problem of program adjustments and to make recommendations on more effective methods of program planning and development. It is believed that recommendations made by such an advisory group will be very helpful in making systematic analyses of program policies, provisions, and procedures and in making desirable program adjustments in the light of changing conditions.

Relationship of ACP to the Department's Conservation Program

The Agricultural Conservation Program is an important part of the overall conservation program of the Department. It helps farmers through financial or other assistance to make needed changes in their farming methods -- to adopt proven methods of conservation farming more quickly. It is very effective in encouraging farmers to put into operation conservation measures contained in agreements between them and the Soil Conservation Districts.

Need for Conservation Practices

Great progress has been made in meeting the nation's conservation problems but the amount remaining to be done is tremendous and the minimum conservation needs stretch far beyond present performance. Past neglect to take positive action to maintain the agricultural resources on a sustained yield basis resulted in their misuse over a long period of years. An increasing awareness has been developed of the danger of soil erosion and depletion and of the obligation on the part of the Government to assist farmers in restoring and maintaining soil fertility. The Department has called the attention of the farmers to the conservation problem and to the methods for reducing soil losses. The incentive provided through financial assistance from the Federal Government encourages farmers to adopt these proven methods more quickly.

The job of restoring and maintaining the Nation's agricultural resources will be time consuming and expensive. As cropland, grazing and timber resources are more intensively and exhaustively used, a greater investment in money, labor and material is required to protect, restore, and replenish soil fertility to keep such resources on a sustained yield basis.

(c) Administrative Expenses, Section 392 Agricultural Adjustment Act of 1938

This appropriation account for National and State operating expenses was established pursuant to section 392 of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1281-1407). There are transferred into this appropriation account amounts estimated by the Secretary of Agriculture to be required for carrying out, or cooperating in carrying out, various programs assigned to the National and State PMA offices.

The State Committees, appointed pursuant to the provisions of section 8(b) of the Soil Conservation and Domestic Allotment Act, are in general administrative charge at the State level of all programs assigned to the Production and Marketing Administration. Within the framework of the national policy, they determine State policies and direct the adaptation of the national programs to the State.

The amounts transferred into this appropriation account are within the limitation for administrative expenses established under the respective appropriations from which such transfers are made. The justification of the increases and decreases is contained in the statements for the various appropriation items involved.

Transfers, 1950, as shown below and base for 1951	$13,538,788
Transfers, 1951, as shown below	13,988,777
Increase	+449,989

STATEMENT OF SOURCES, PURPOSES, AND AMOUNT OF FUNDS TRANSFERRED
(As Shown in Budget Schedules)

Purpose for which funds are transferred into this account	1949	1950 (Estimated)	1951 (Estimated)	Increase or decrease
Conservation and Use of Agricultural Land Resources:				
For administration of Agricultural Conservation Program ...	$4,983,499	$5,097,487	$5,146,752	$+49,265
Acreage Allotments and Marketing Quotas:				
For administration of acreage allotment and marketing quota programs	2,099,749	4,967,324	5,985,567	+1,018,243
Sugar Act:				
For administration of sugar payment program	727,831	745,031	777,300	+32,269
National School Lunch Act:				
For services in connection with the school lunch program	116,406	120,178	121,347	+1,169
Removal of Surplus Agricultural Commodities:				
For services in connection with certain distribution and purchase programs	81,375	514,135	412,342	-101,793

(Continued on next page)

Purpose for which funds are transferred into this account	1949	1950 (Estimated)	1951 (Estimated)	Increase or decrease
Commodity Credit Corporation:				
For administration of commodity loan and purchase agreement programs	$1,336,943	$570,285	$ -	$-570,285
For services in connection with price support and purchase programs	1,193,252	1,524,348	1,545,469	+21,121
Total, Commodity Credit Corporation	2,530,195	2,094,633	1,545,469	-549,164
Total pay adjustment costs:				
Public Law 429	-	(272,783)	(419,000)	(+146,217)
Public Law 359	-	(664)	(934)	(+270)
Total available	10,539,055	13,538,788	13,988,777	+449,989
Deduct transfer to "Salaries and Expenses, Office of Information, Department of Agriculture"	961	-	-	-
	1/	2/	3/	
Total Obligations	10,538,094	13,538,788	13,988,777	+449,989

1/ Includes allotments: Extension Service $1,000; Forest Service $23,674; Bureau of Agricultural Economics $25,810; Total $50,484.

2/ Includes allotments: Extension Service $1,000; Forest Service $21,094; Bureau of Agricultural Economics $41,500; Total $63,594.

3/ Includes allotments: Extension Service $1,000; Forest Service $21,304; Total $22,304

(d) Local Administration, Section 388 Agricultural Adjustment Act of 1938

This appropriation account for PMA county offices was established pursuant to sections 392(a) and 388(b) of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1281-1407). There are transferred into this appropriation account amounts estimated by the Secretary of Agriculture to be required for carrying out or cooperating in carrying out various programs assigned to the PMA county offices.

The PMA county and community committees are responsible for the local administration of all programs of the Production and Marketing Administration dealing directly with farmers. The elected PMA county committee is in charge of the county offices.

The amounts transferred into this appropriation account are within the limitation for administrative expenses established under the respective appropriations from which such transfers are made. The justification of the increases and decreases is contained in the statements for the various appropriation items involved.

Transfers, 1950, as shown below and base for 1951	$47,976,655
Transfers, 1951, as shown below	50,479,433
Increase	+2,502,778

STATEMENT OF SOURCES, PURPOSES, AND AMOUNTS OF FUNDS TRANSFERRED
(As Shown in Budget Schedules)

Purpose for which funds are transferred into this account	1949	1950 (estimated)	1951 (estimated)	Increase or decrease
Conservation and Use of Agricultural Land Resources:				
For administration of agricultural conservation program	$14,854,000	$20,854,000	$22,284,000	+$1,430,000
Acreage Allotments and Marketing Quotas:				
For administration of acreage allotment and marketing quota programs	11,814,000	24,903,450	27,709,433	+2,805,983

(Continued on next page)

Purpose for which funds are transferred into this account	1949	1950 (estimated)	1951 (estimated)	Increase or decrease
Sugar Act:				
For administration of sugar payment program	385,000	385,000	486,000	+101,000
Commodity Credit Corporation:				
For administration of commodity loan and purchase agreement programs	4,300,000	1,834,205	-	-1,834,205
Total available 2/	1/ 31,353,000	1/ 47,976,655	1/ 50,479,433	+2,502,778

1/ Includes allotments to the Forest Service for administration of the Naval Stores Conservation Program as follows: 1949, $95,310; 1950, $107,440; 1951, $108,425.

2/ Does not include reimbursements received directly by the county committees for services rendered Federal agencies.

ACREAGE ALLOTMENT AND MARKETING QUOTA PROGRAMS

Purpose Statement

Acreage allotment and marketing quota programs, authorized by Title III of the Agricultural Adjustment Act of 1938, as amended, provide a method whereby production of the basic agricultural commodities - tobacco, peanuts, cotton, wheat, corn and rice - may be balanced, thus avoiding burdensome surpluses. This appropriation provides funds to carry out such programs on the basic commodities as may be approved from time to time.

The national acreage allotment (in the case of corn, allotment for commercial corn-producing area) is set at a level which, based upon normal or average yield, will result in production ample for domestic consumption, exports, and adequate reserves. The total acreage is divided among States or counties on the basis of production history for a specified number of years preceding the year in which the national allotment is determined, with adjustments for production trends, abnormal weather and production conditions, previous allotments, etc. In general, the acreage available for allotment in a State or county is apportioned among eligible farms on the basis of such factors as tillable acreage, past acreage, crop rotation practices, type of soil, topography, and the land, labor, and equipment available for the production of the commodity. Acreage allotments, in themselves, do not constitute an enforced limitation on production but if growers stay within their allotments in years when marketing quotas are not in effect other control measures may not be required in the subsequent year or years. Compliance with acreage allotments established for basic commodities is a condition of eligibility for price support.

Marketing quotas must be proclaimed: for tobacco when the total supply exceeds the reserve supply level, and must be proclaimed if quotas were in effect for the kind of tobacco in the immediately preceding year; for peanuts each calendar year regardless of the supply situation; for cotton, when the total supply exceeds the normal supply; and for wheat, corn, and rice when the total supply exceeds the normal supply by a stated percentage. The farm marketing quota in the case of tobacco and peanuts is the actual production on the farm acreage allotment and in the case of cotton, wheat, corn, and rice is the actual production from all of the acreage planted to the commodity on the farm less the farm marketing excess. The farm marketing excess is the normal yield times the excess acres, but it may not exceed the difference between the actual production on the farm less the normal production of the acreage allotment. Farmers who are dissatisfied with their marketing quotas may appeal to the Review Committee for a review of the acreage allotment or marketing quota established for the farm.

Quota programs do not become effective unless at least two-thirds of eligible farmers voting in a referendum approve quotas. Quotas may be increased or suspended under certain demand and supply conditions, in the interest of consumers, or in national emergencies.

When marketing quotas are in effect penalties are imposed on the farm marketing excess of cotton, wheat, corn, and rice and on the marketings of tobacco and peanuts produced in excess of their marketing quotas. In the case of wheat, corn, and rice, the producer may avoid or postpone the payment of the penalty by storing or delivering to the Secretary of Agriculture that part of his crop which would be subject to penalty if marketed.

	Estimated, 1950	Budget estimate, 1951
Appropriated funds	$30,150,774	$34,000,000

(e) Acreage Allotments and Marketing Quotas

Appropriation Act, 1950 and base for 1951	$30,150,774
Budget Estimate, 1951	34,000,000
Increase	+3,849,226

SUMMARY OF INCREASES AND DECREASES, 1951

For additional work in connection with acreage allotments, and probably marketing quotas, on wheat, corn, and rice ...	+4,120,567
For increasing rates of pay of personnel of PMA county committees	+1,697,000
To place on a full year basis in 1951 pay adjustments under P. L. 429 which were in effect for only a part of fiscal year 1950	+49,138
Decrease due to completion of gathering and compiling data on war crops used in establishing cotton acreage allotments	-2,017,479

PROJECT STATEMENT
(Amounts Shown Include Pay Adjustment Costs)

Project	1949	1950 (Estimated)	Increase or decrease: P.L. 429 adjustment	Increase or decrease: Pay increases County Personnel	Increase or decrease: Other	1951 (Estimated)
1. Tobacco	$2,597,729	$2,865,000	$7,365	+$118,642	- -	$2,991,00
2. Peanuts	2,550,872	2,552,000	4,376	+115,969	- -	2,672,34
3. Cotton	3,757,094	10,207,000	10,872	+426,000	(2) -$2,017,479	8,626,39
4. Wheat	5,085,554	7,247,000	15,105	+590,355	(3) +3,144,427	10,996,88
5. Corn	- -	7,077,774	11,034	+434,034	(3) +944,858	8,467,70
6. Rice	- -	202,000	386	+12,000	(3) +31,282	245,66
Total pay adjustment costs:						
P. L. 429 .	- -	[100,324]	[49,138]	- -	[29,638]	[179,100
P. L. 359 .	- -	[332]	- -	- -	- -	[467
Unobligated balance	891,852	- -	- -	- -	- -	- -
Total available	14,883,101	30,150,774	+49,138(4)	(1) +1,697,000	+2,103,088	34,000,00
Transfer in 1950 estimates from "Conservation and Use of Agricultural Land Resources Department of Agriculture"	-14,883,101	- -				
Total appropriation or estimate	- -	30,150,774				

INCREASES AND DECREASES

This appropriation finances all work incident to administering acreage allotment and marketing quota programs on the six commodities named in Title III of the Agricultural Adjustment Act of 1938, as amended, as basic commodities; namely, tobacco, peanuts, cotton, wheat, corn, and rice.

The net increase of $3,849,226 in this item for 1951 consists of the following:

(1) Increase of $1,697,000 for increasing rates of pay of county committeemen personnel of PMA county committee offices.

It is proposed to increase rates of pay of county committeemen and other PMA county committee office personnel by approximately 8 percent so that they will be more in line with salaries paid for similar work in the same vicinity. A complete explanation of the need for and justification of making such adjustments is included under the item "Conservation and Use of Agricultural Land Resources." The statement below shows the amounts from this appropriation which will be required by type of personnel to make the proposed adjustments in the pay of personnel now employed by the PMA county committee.

Type of Personnel	Fiscal Year 1950			Fiscal Year 1951			Increase
	Man days	Average rate of pay	Total cost (rounded)	Man days	Average rate of pay	Total cost (rounded)	
County committeemen	293,381	$7.20	$2,112,343	293,381	$7.82	$2,294,239	$181,89
Community committeemen	374,485	6.60	2,471,600	374,485	7.17	2,685,056	213,45
All other personnel	2,133,848	7.78	16,601,339	2,133,848	8.39	17,902,987	1,301,61
Total personal services	2,801,714		21,185,282	2,801,714		22,882,282	1,697,00

(2) Decrease of $2,017,479 in expenses of the cotton acreage allotment and marketing quota program.

Acreage allotments and marketing quotas have been established for the 1950 crop of cotton. It will be necessary to complete measuring and checking acreages during the early part of the 1951 fiscal year, and to prepare and issue marketing quota notices, receive, process, and record marketing reports, handle penalties, etc. However, there will be a reduction in funds required due to the completion of work on war crops required by the provisions of Public Law 12, 79th Congress.

(3) Increase of $4,120,567 for the completion of certain activities in connection with acreage allotments on the 1950 wheat, corn, and rice crops and additional work in anticipation of a probable need for marketing quotas on the 1951 crops of these commodities.

Individual farm acreage allotments are being established for 1950 plantings of wheat, corn and rice. The national acreage allotment established for wheat is 68.9 million acres, for corn 46.2 million acres and for rice 1.6 million acres. The supply situation is not such that marketing quotas will be required for the 1950 crops of these three commodities. These programs are handled on a crop and marketing year basis rather than on a fiscal year basis and the activities in connection with a crop or marketing year are carried out during two fiscal years.

During the fiscal year 1951 it will be necessary to complete measuring and computing farm acreages of the 1950 crops to determine compliance with allotments. Accurate measurement and computation of acreages is especially important since compliance with individual acreage or producer allotments is a condition of eligibility for price support. On the assumption that in addition to establishing acreage allotments, it will be necessary to proclaim marketing quotas for the 1951 crops of these commodities, considerable additional work will be required in connection with the marketing quota phase of the program as well as bringing up to date the basic farm data upon which allotments are based. This will involve preparing regulations and procedures; holding referenda; holding meetings with county committee personnel on the administration of the quota programs; preparing and issuing marketing quota notices, etc.

(4) Increase of $49,138 to place on a full year basis in 1951 pay adjustments under P.L. 429 which were in effect for only a part of the fiscal year 1950.

Estimated Obligations, Acreage Allotment and Marketing Quota Programs
Fiscal Years 1950 and 1951

	Estimated Obligations, F.Y. 1950	Estimated Obligations, F.Y.1951	Pay Increase: Co.Committee: Personnel	Increase due to P. L.429	Other Increases or Decreases	Increase (+) or Decrease (-) 1951 over 1950
Tobacco						
Operating expenses						
National and State	$767,642	$775,007	- -	+$7,365	- -	+$7,365
County	2,063,358	2,182,000	+$118,642	- -	- -	+118,642
Subtotal	2,831,000	2,957,007	+118,642	+7,365	- -	+126,007
Printing	34,000	34,000	- -	- -	- -	- -
Total	2,865,000	2,991,007	+118,642	+7,365	- -	+126,007
Peanut						
Operating expenses						
National and State	440,969	445,345	- -	+4,376	- -	+4,376
County	2,091,031	2,207,000	+115,969	- -	- -	+115,969
Subtotal	2,532,000	2,652,345	+115,969	+4,376	- -	+120,345
Printing	20,000	20,000	- -	- -	- -	- -
Total	2,552,000	2,672,345	+115,969	+4,376	- -	+120,345
Cotton						
Operating expenses						
National and State	1,561,413	1,452,593	- -	+10,872	-119,692	-108,820
County	8,578,587	7,101,800	+426,000	- -	-1,902,787	-1,476,787
Subtotal	10,140,000	8,554,393	+426,000	+10,872	-2,022,479	-1,585,607
Printing	67,000	72,000	- -	- -	+5,000	+5,000
Total	10,207,000	8,626,393	+426,000	+10,872	-2,017,479	-1,580,607
Wheat						
Operating expenses						
National and State	1,148,451	1,841,154	- -	+15,105	+677,598	+692,703
County	6,008,549	9,050,733	+590,355	- -	+2,451,829	+3,042,184
Subtotal	7,157,000	10,891,887	+590,355	+15,105	+3,129,427	+3,734,887
Printing	90,000	105,000	- -	- -	+15,000	+15,000
Total	7,247,000	10,996,887	+590,355	+15,105	+3,144,427	+3,749,887

(Continued on next page)

	Estimated Obligations, F.Y.1950	Estimated Obligations, F.Y.1951	Pay Increase: Co. Committee: Personnel	Increase due to P.L. 429	Other Increases or Decreases	Increase (+) or Decrease (-) 1951 over 1950
Corn						
Operating expenses						
National and State	$1,008,067	$1,430,300	- -	+$11,034	+$411,199	+$422,233
County	6,002,707	6,965,400	+$434,034	- -	+528,659	+962,693
Subtotal	7,010,774	8,395,700	+434,034	+11,034	+939,858	+1,384,926
Printing	67,000	72,000	- -	- -	+5,000	+5,000
Total	7,077,774	8,467,700	+434,034	+11,034	+944,858	+1,389,926
Rice						
Operating expenses						
National and State	40,782	41,168	- -	+386	- -	+386
County	159,218	202,500	+12,000	- -	+31,282	+43,282
Subtotal	200,000	243,668	+12,000	+386	+31,282	+43,668
Printing	2,000	2,000	- -	- -	- -	- -
Total	202,000	245,668	+12,000	+386	+31,282	+43,668
Total All Commodities						
Operating expenses						
National and State	4,967,324	5,985,567		+49,138	+969,105	+1,018,243
County	24,903,450	27,709,433	+1,697,000	- -	+1,108,983	+2,805,983
Printing	280,000	305,000			+25,000	+25,000
Total	30,150,774	34,000,000	+1,697,000	+49,138	+2,103,088	+3,849,226

CHANGE IN LANGUAGE

The estimates include proposed change in the language of the item as follows (New language underscored; deleted matter enclosed in brackets):

> To enable the Secretary to formulate and carry out acreage allotment and marketing quota programs pursuant to the provisions of title III of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1301-1393), including personal services in the District of Columbia, [$30,150,774] $34,000,000, of which not more than [$5,270,000] $6,180,000 shall be transferred to the appropriation account "Administrative expenses, section 392, Agricultural Adjustment Act of 1938".

This change in language increases the limitation on the amount that may be transferred to the account established under section 392 of the Agricultural Adjustment Act of 1938 from $5,270,000 to $6,180,000 to provide for necessary additional work in connection with wheat, corn, and rice acreage allotments and marketing quotas, and for pay adjustment costs under Public Law 429.

STATUS OF PROGRAM

General

Acreage allotment and marketing quota programs, authorized by Title III of the Agricultural Adjustment Act of 1938, as amended, provide a method whereby production of the basic agricultural commodities - tobacco, peanuts, cotton, wheat, corn and rice - may be brought in line with needs eliminating burdensome surpluses.

Acreage Allotments

The national acreage allotment is set at a level which, based upon normal or average yield, will result in production ample for domestic consumption, exports, and adequate reserves. The total acreage is divided among the States and counties on the basis of production history for a specified number of years preceding the calendar year in which the national allotment is determined with adjustments for production trends, abnormal weather and production conditions, previous allotments, etc. The acreage available for allotment in a county is apportioned among eligible farms on the basis of tillable acreage, past acreage, crop rotation practices, type of soil, and topography. Acreage allotments, in themselves, do not constitute an enforced limitation on production but if growers stay within their allotments other control measures may not be required. Compliance with acreage allotments established for basic commodities is a condition of eligibility for price support and may be used as a condition of eligibility for other agricultural programs.

Marketing Quotas

Marketing quotas must be proclaimed for tobacco when the total supply exceeds the reserve supply level; for peanuts each calendar year regardless of the supply situation; and for cotton, wheat, corn, and rice when the total supply exceeds the normal supply by a stated percentage. The farm marketing quota in the case of tobacco and peanuts is the actual production on the farm acreage allotment; in the case of cotton, wheat, corn, and rice, it is the actual production from all of the acreage planted to the commodity on the farm less the farm marketing excess. The farm marketing excess is the normal yield times the excess acres, but it may not exceed the difference between the actual production on the farm less the normal production of the acreage allotment. Farmers who are dissatisfied with their acreage allotments or marketing quotas may appeal to the Review Committee for a review of the acreage allotment or marketing quota established for the farm.

Referendum

Quota programs do not become effective unless at least two-thirds of eligible farmers voting in a referendum approve quotas.

Penalties

As a means of enforcing plantings within allotted acreages, penalties are imposed on the farm marketing excess of cotton, wheat, corn, and rice, and on the sale of tobacco and peanuts produced on the acreage in excess of the farm acreage allotment.

Penalties are collected and refunds are made to producers who file claims with the Secretary within two years after payment of any penalty if the Secretary finds that such penalty was erroneously, illegally, or wrongfully collected. These refunds are made from special deposit accounts into which penalty collections have been transferred. After funds become no longer available for making refunds they are remitted to the Treasury to be covered into the General Fund of the Treasury of the United States.

Acreage allotments and marketing quotas will be in effect on the 1950 crops of flue-cured, burley, fire-cured, dark air-cured, and Virginia sun-cured tobacco, peanuts, and cotton. It has been determined that the supply situation will not require quotas on the 1950 crops of wheat, corn, and rice. Therefore, only acreage allotments will apply to these crops in 1950.

The statement below indicates the basic crops on which acreage allotments and/or marketing quotas were in effect in 1949 and those to which they will apply in 1950.

	1949 Crops		1950 Crops	
	Acreage Allotments	Marketing Quotas	Acreage Allotments	Marketing Quotas
Tobacco				
Flue-cured	x	x	x	x
Burley	x	x	x	x
Fire-cured	x	x	x	x
Dark air-cured	x	x	x	x
Virginia sun-cured			x	x
Peanuts	x	x	x	x
Cotton			x	x
Wheat			x	
Corn			x	
Rice			x	

Each of the acreage allotment and marketing quota programs is discussed in detail by commodity.

Tobacco Acreage Allotment and Marketing Quota Program

Kinds of Tobacco

For the purpose of carrying out the provisions of the Agricultural Adjustment Act of 1938, as amended, the various kinds of tobacco are divided into their recognized classification and each kind of tobacco is treated as a separate commodity.

Proclamation of Quotas

Quotas must be proclaimed whenever the total supply of tobacco as of the beginning of the marketing year then current exceeds the reserve supply level. Regardless of the supply situation, however, a quota must be proclaimed for each kind of tobacco for which a quota was proclaimed in the preceding year. In addition, a quota for Virginia sun-cured tobacco must be proclaimed for each year for which a quota is proclaimed for fire-cured tobacco. The quota for any marketing year may be proclaimed any time between the beginning of the preceding marketing year and the following December 1.

Amount of Quota

The marketing quota proclamation specifies in pounds of tobacco the quantity which may be marketed during the next following marketing year. It is an amount which will make available for marketing during that year a supply of tobacco equal to the reserve supply level. This is the national marketing quota.

Referendum

Within 30 days after the issuance of the proclamation a referendum must be held. The provisions relating to tobacco provide that in addition to voting on whether quotas are favored for a period of one year, the Secretary shall also submit the question of whether quotas are favored for a period of three years. Farmers voting in referenda favored quotas for flue-cured, burley, fire-cured, dark air-cured, and Virginia sun-cured, as follows:

Date of Referendum	Kind of Tobacco	No. of Farmers Voting	No. of Farmers Favoring Quotas 1/	Percent of Farmers Favoring Quotas 1/	Marketing years Covered
7/23/49	Flue-cured	230,719	227,559	98.6	1950-51; 1951-52; 1952-53
11/26/49	Burley	155,483	148,947	95.8	1950-51; 1951-52; 1952-53
11/27/48	Fire-cured	20,508	19,915	97.1	1949-50; 1950-51; 1951-52
11/27/48	Dark air-cured	17,223	16,824	97.7	1949-50; 1950-51; 1951-52
12/15/49	Virginia sun-cured	2,021	1,850	91.5	1950-51; 1951-52; 1952-53

1/ Includes votes cast favoring quotas for both one and three years.

Termination or Increase in Quotas

The quota may be increased or terminated if, after investigation, it is determined that such action is necessary (1) to make available free of marketing restrictions a normal supply of tobacco (this must be done by March 1), (2) to meet a national emergency, and (3) to meet an increase in export demand.

State Marketing Quotas and Acreage Allotments

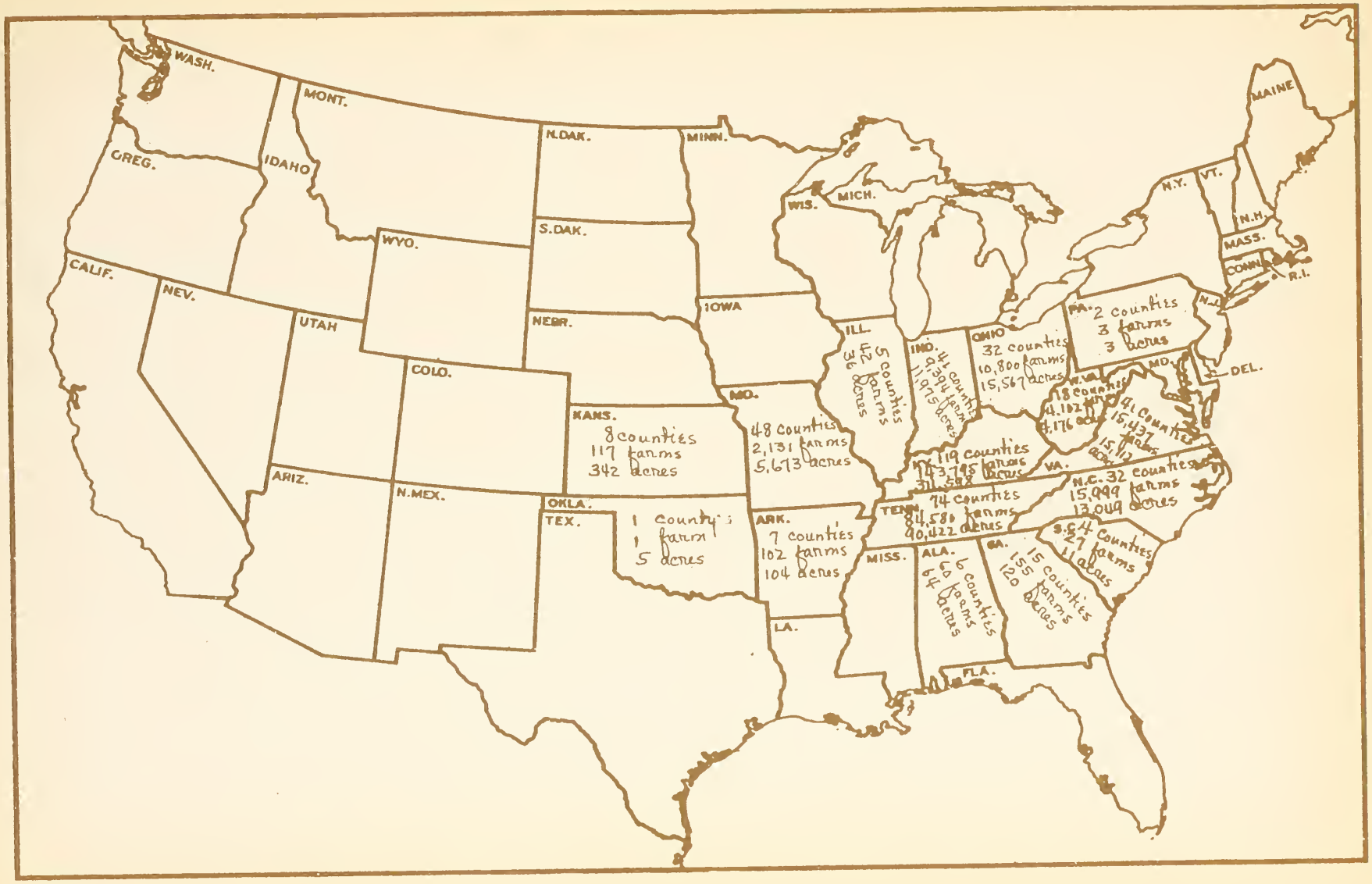
The national marketing quota is apportioned among the States on the basis of historical production and the volume of tobacco apportioned to each State is converted to a State acreage allotment on the basis of the average yield per acre during the preceding five years adjusted for abnormal conditions of production.

There are set forth below by States and by kinds of tobacco the number of 1949 allotments and 1949 acreages (1949-50 marketing year):

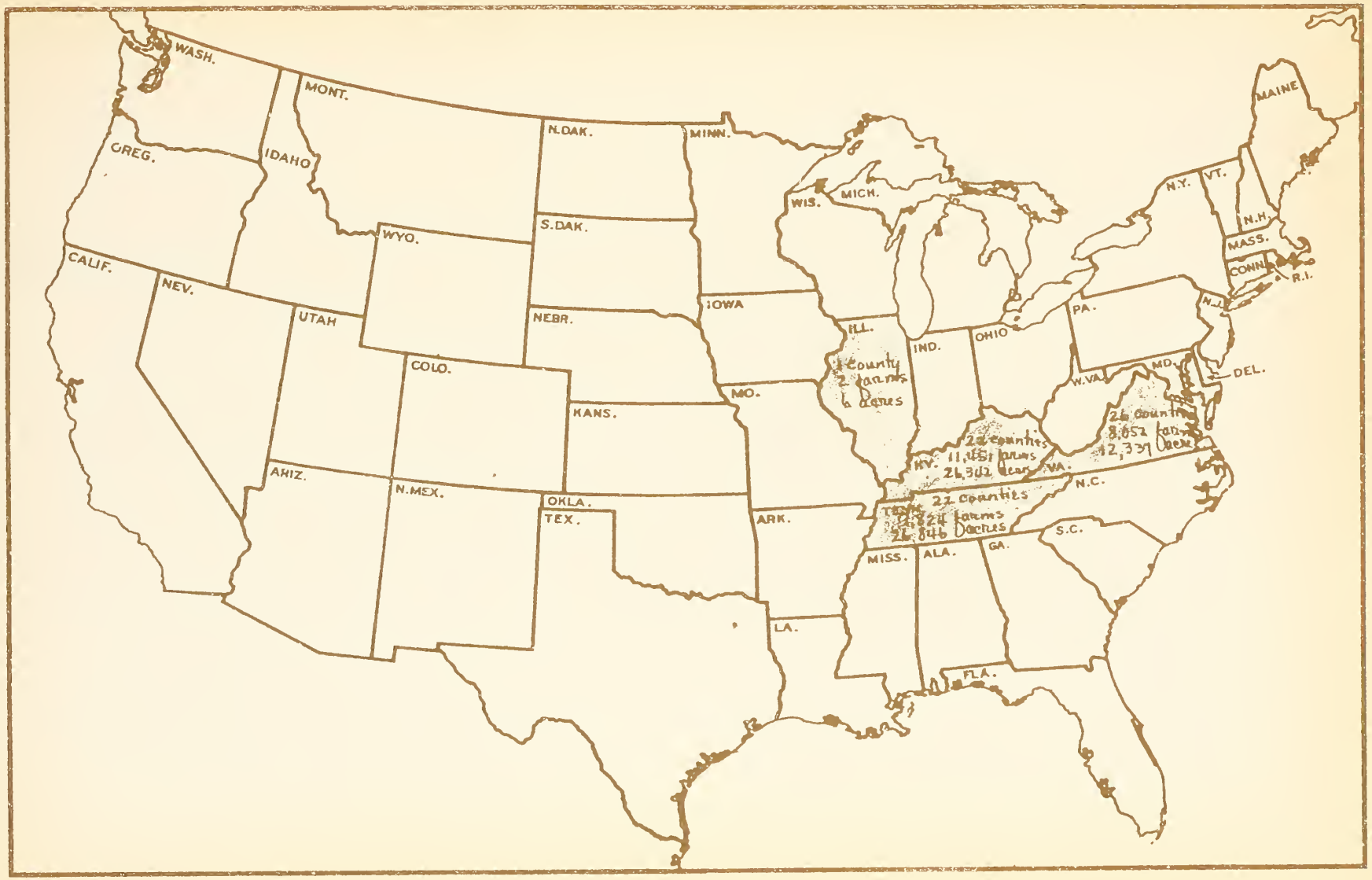
Kind of tobacco	No. 1949 allotments	1949 Acreage
Flue-cured		
Alabama	171	511
Florida	7,407	20,008
Georgia	29,384	96,447
North Carolina	120,254	635,879
South Carolina	25,155	109,895
Virginia	23,903	96,717
Total	206,274	959,457
Burley		
Alabama	60	64
Arkansas	102	104
Georgia	155	120
Illinois	42	36
Indiana	9,394	11,975
Kansas	117	342
Kentucky	143,795	311,598
Missouri	2,131	5,673
North Carolina	15,999	13,049
Ohio	10,800	15,567
Oklahoma	1	5
Pennsylvania	3	3
South Carolina	27	11
Tennessee	84,580	90,422
Virginia	15,437	15,112
West Virginia	4,102	4,176
Total	286,745	468,257

Number Counties Growing Flue-Cured Tobacco
and 1949 Allotment Farms and Acreages Allotted

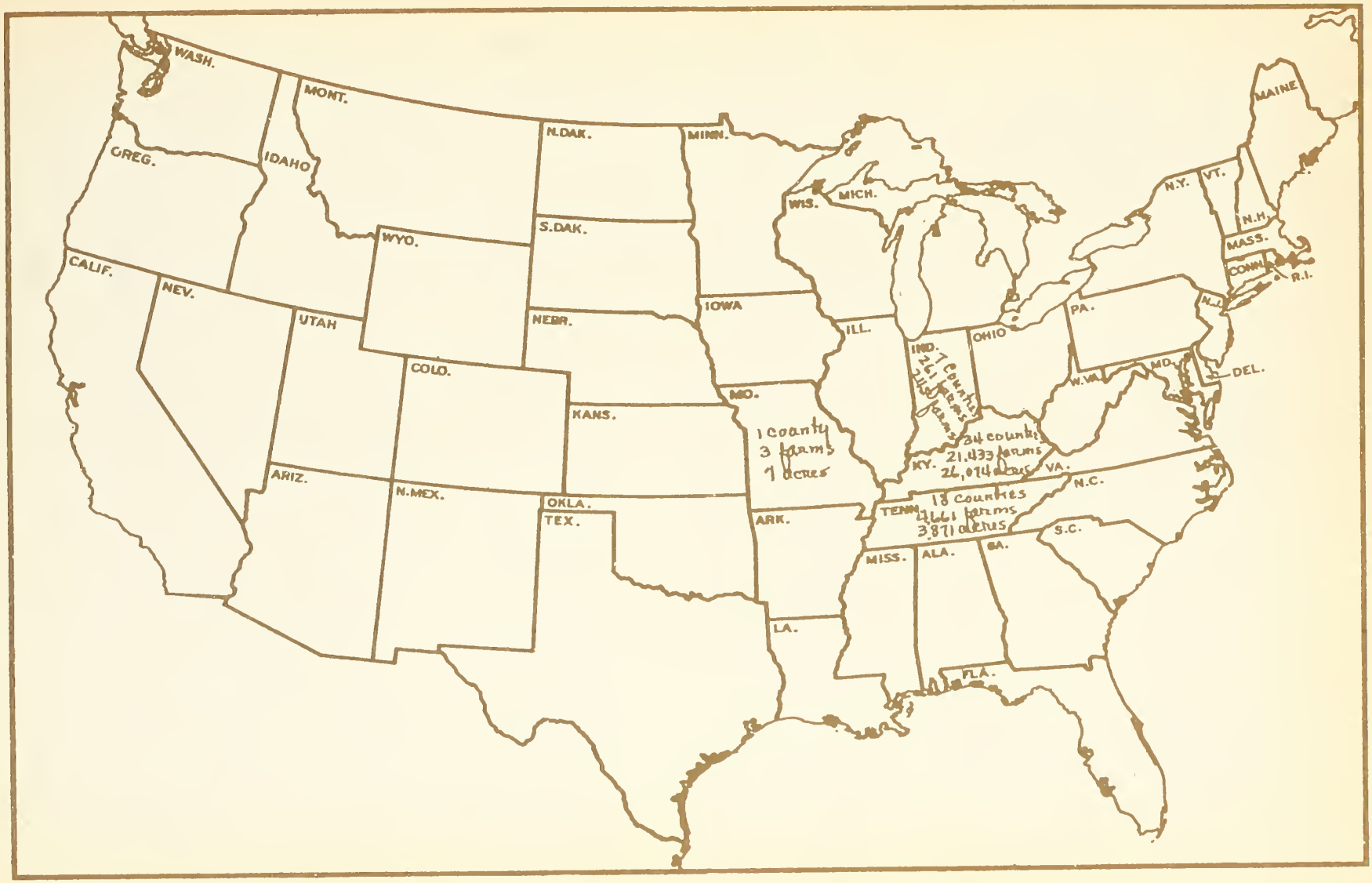
Acreage Allotments and Marketing Quotas
Number Counties Growing Burley Tobacco
and 1949 Allotment Farms and Acreages Allotted



Acreage Allotments and Marketing Quotas
Number Counties Growing Fire-Cured Tobacco
and 1949 Allotment Farms and Acreages Allotted



Acreage Allotments and Marketing Quotas
Number Counties Growing Dark Air-Cured Tobacco
and 1949 Allotment Farms and Acreages Allotted



Kind of tobacco	No. 1949 Allotments	1949 Acreage
Fire-cured		
Illinois	2	6
Kentucky	11,451	26,342
Tennessee	9,824	26,846
Virginia	8,052	12,337
Total	29,329	65,531
Dark air-cured		
Indiana	261	245
Kentucky	21,433	26,074
Missouri	3	7
Tennessee	4,661	3,871
Total	26,358	30,197
Grand Total	548,706	1,523,442

Farm Acreage Allotments

PMA county and community committeemen establish for every eligible farm a usual or normal acreage of tobacco under uniform regulations issued by the Secretary. The total of all the normal acreages for farms in each State is then adjusted pro rata to come within the State allotment. In some instances in the case of Burley a minimum acreage allotment must be established for any eligible farm regardless of the size of the computed acreage.

Performance Checking

Shortly after the planting season, PMA county and community committeemen determine by actual measurement the acreage of tobacco planted on every farm in the county. This planted acreage is compared with the acreage allotment determined for the farm to establish whether the acreage of tobacco grown is within the farm acreage allotment.

Marketing Cards

After performance has been checked and prior to the opening of the tobacco markets, marketing cards are prepared for each farm on which tobacco is being grown during the year. The marketing quota for a farm is the actual production on the farm acreage allotment. Two types of marketing cards are prepared - a within quota card for each farm on which the acreage planted to tobacco is within the farm acreage allotment and an excess card for each farm for which it has been determined that the acreage planted to tobacco exceeds the farm acreage allotment. The excess is recorded on the farm marketing card so that the appropriate amount of penalty may be collected at the time the producer receives proceeds from the sale of any of the tobacco produced on the farm.

Penalties

Upon the sale of tobacco the producer presents his marketing card to the auction warehouse or the individual purchasing the tobacco for execution of a memorandum of sale for each sale of tobacco. On the auction warehouse floors the Department of Agriculture has a representative to execute these memoranda. In the event penalty is due, it is collected by the warehouseman from the proceeds due the producer. The rate of penalty is 40 percent of the season's average price per pound for the respective kind of tobacco for the preceding marketing year. Penalties collected are remitted periodically to designated offices of the Department which, in turn, forward such penalties to the Treasury Department.

The statement below shows the penalties which have been collected since the program has been in effect:

Marketing Year 1/	Amount
1938-39	$ 943,225
1939-40	No quotas
1940-41	659,081
1941-42	182,013
1942-43	423,794
1943-44	510,706
1944-45	1,727,681
1945-46	3,982,007
1946-47	3,971,759
1947-48	977,910
1948-49	1,508,003
Total	$ 14,886,179

1/ Marketing year begins:

Flue-cured	July 1
Burley	October 1
Fire-cured	October 1
Dark air-cured	October 1

Peanut Acreage Allotment and Marketing Quota Program

Proclamation of Quotas

A national marketing quota must be proclaimed between July 1 and December 1 of each calendar year regardless of the supply situation.

Amount of Quota

The amount of the national marketing quota is that quantity of peanuts which will make available from the crop with respect to which the quota is proclaimed, a supply equal to the average quantity of peanuts harvested for nuts during the five years preceding the year for which the quota is proclaimed adjusted for current trends and prospective demand conditions. The national marketing quota must be the quantity of peanuts sufficient to provide a national acreage allotment equal to that established for the 1941 crop.

Referendum

Not later than December 15 each year a referendum must be held of farmers producing peanuts in that year to determine whether they favor quotas with respect to the next three crops of peanuts. However, if quotas are approved by as many as two-thirds of the farmers voting, no referendum will be necessary with respect to the second or third years of the period. Of the 105,089 farmers voting in a referendum held December 9, 1947, 87.7 percent favored quotas on the 1948, 1949, and 1950 crops.

Termination or Increase in Quotas

Quotas may be terminated or increased to meet a national emergency or an increase in export demand.

National Acreage Allotment

The marketing quota, expressed in tons of peanuts, is converted to a national acreage allotment by dividing the quota by the normal yield per acre determined on the basis of the average yield per acre in the preceding five calendar years. Adjustments are made for trends in yields and for abnormal conditions of production affecting yields during the five-year period. For 1950, legislation provides that the national acreage allotment shall not be less than 2,100,000 acres. If, in any year thereafter, the national acreage allotment is less than 2,100,000 acres, the allotment for each State must be reduced in the same proportion as the national acreage allotment is reduced below 2,100,000 acres. In no event, however, may the national acreage allotment be less than that established for the 1941 crop.

State Acreage Allotments

The national acreage allotment is apportioned among the States on the basis of the average acreage for peanuts harvested for nuts in the preceding five years. Adjustments are made as required for trends in yields and for abnormal conditions of production affecting yields during the five year period.

There are set forth below, by States, the number of counties and farms for which allotments were established and the acreages allotted under the 1949 program.

State	No. of counties	No. of farms	1949 acreage
Alabama	39	22,062	388,845
Arizona	1	4	401
Arkansas	30	623	3,457
Florida	28	8,342	82,537
Georgia	94	43,505	870,044
Louisiana	10	191	980
Mississippi	2	11	213
Missouri	2	3	260
New Mexico	4	452	8,070
North Carolina	44	21,975	237,592
Oklahoma	50	22,930	183,656
South Carolina	40	3,229	23,871
Tennessee	14	921	5,524
Texas	146	32,137	589,468
Virginia	20	9,625	141,108
Total	524	166,010	2,536,026

Farm Acreage Allotment and Marketing Quotas

PMA county and community committeemen apportion the State acreage allotment among farms in the State on which peanuts were grown in any of the three years preceding the year for which the allotment is determined on the basis of tillable acreage available for and past production of peanuts taking into consideration the acreage allotments established for the farm under previous allotment or conservation programs. The amount of the farm marketing quota is the actual production on the farm acreage allotment. Quotas are not applicable to any farm on which the acreage of peanuts is one acre or less.

Performance Checking

After planting is completed, PMA county and community committeemen determine, by actual measurement on every farm to which quotas apply, the acreage planted to peanuts. If the planted acreage exceeds the farm acreage allotment the acreage must be rechecked to determine what part of the planted acreage was picked and threshed.

Acreage Allotments and Marketing Quotas
Number of Counties and Farms for which
1949 Peanut Acreage Allotments were Established
and 1949 Acreage Allotments

Marketing Cards

As soon as the correct acreage has been determined, marketing cards are issued - a within quota card for farms on which the acreage of peanuts is within the farm acreage allotment and an excess card for those farms on which the acreage of peanuts exceeds the farm acreage allotment. The excess is recorded on the farm marketing card so that the appropriate amount of the penalty may be collected at the time the producer receives proceeds from the sale of any of the peanuts produced on the farm.

Penalties

The marketing of peanuts in excess of the farm marketing quota or the marketing of peanuts from any farm for which no acreage allotment is determined (except for farms on which the acreage of peanuts is one acre or less) is subject to a penalty at a rate equal to 50 percent of the basic loan rate for the marketing year beginning in the calendar year in which the peanuts are produced.

The following penalty collections were made in the years in which quotas were in effect.

Marketing year (begins August 1)	Amount
1941-1942	$ 51,022
1942-1943	105,896
	$156,918

Cotton Acreage Allotment and Marketing Quota Program

The provisions of the Agricultural Adjustment Act of 1938 were amended by Public Laws 272 and 439, 81th Congress, to reflect current production and consumption trends. The new legislation provides for a gradual adjustment in cotton production to avoid too drastic a cut in cotton acreages in any one year on farms in any one area.

Proclamation of Quotas

A national marketing quota must be proclaimed whenever the total supply of cotton for the marketing year beginning in that calendar year exceeds the normal supply. The proclamation must be made not later than October 15 of the calendar year in which the determination is made.

Amount of Quota

The amount of the quota is the number of bales required to make available a normal supply of cotton taking into account the carryover at the beginning of the marketing year plus the estimated imports. Legislation specifically provides, however, that the quota for the 1950 crop must be the number of bales required to provide a national acreage allotment of 21,000,000 acres. Thereafter, the minimum national marketing quota shall be the smaller of 10,000,000 bales or 1,000,000 bales less than the estimated domestic consumption and exports for the marketing year ending in the calendar year in which the national quota is proclaimed.

Referendum

The referendum must be held not later than December 15 following the issuance of the proclamation of the quota. For 1950 the only farmers eligible to vote are those who produced cotton in 1948. This change was made because the year 1949 has been eliminated in the establishment of acreage allotments and yields, and it was felt that 1949 should also be eliminated for the purpose of voting eligibility for the 1950 crop. Preliminary results indicate that of the 641,415 farmers voting in a referendum on December 15, 1949, 573,704 or 89.4 percent favored marketing quotas.

Termination or Increase in Quotas

Quotas may be terminated or increased to meet a national emergency or to meet an increase in export demand.

National Acreage Allotment

The proclamation of a national acreage allotment is mandatory whenever a national marketing quota is proclaimed for cotton. The national acreage allotment is that acreage, based on average yield per acre of cotton for the five years immediately preceding the calendar year in which the marketing quota is proclaimed, required to make available a supply of cotton equal to the national marketing quota.

Acreage Allotments and Marketing Quotas
Number of Counties and Estimated Number of Farms Growing Cotton
and 1950 Acreage Allotment

State Acreage Allotment

For 1950 the State acreage allotment will be its share, computed and adjusted in accordance with the steps set forth in Public Law 272, of a national base of 22,500,000 acres. The minimum allotment for any State is the smaller of 4,000 acres or the highest acreage actually planted to cotton in any one of the three preceding calendar years, excluding 1949.

There are listed below, by States, the estimated number of cotton farms and the acreages allotted for the 1950 crop:

State	No. Farms	1950 State Acreage Allotment
Alabama	161,978	1,570,863
Arizona	3,684	232,266
Arkansas	132,604	1,921,405
California	17,933	642,559
Florida	13,366	41,570
Georgia	143,392	1,411,100
Illinois	650	4,142
Kansas	38	151
Kentucky	3,474	12,972
Louisiana	78,732	873,297
Mississippi	145,288	2,295,545
Missouri	29,294	462,339
Nevada	1	110
New Mexico	6,440	169,932
North Carolina	132,095	723,153
Oklahoma	98,587	1,243,297
South Carolina	104,000	1,025,725
Tennessee	79,754	703,653
Texas	138,618	7,637,029
Virginia	11,351	28,352
Total	1,472,629	21,000,000

County Acreage Allotment

The State allotment less the State reserve must be apportioned to counties on the same basis as to years and conditions as the national acreage allotment is apportioned to the States. The State Committee may reserve not to exceed 10 percent (15 percent in the case of Oklahoma) of the State allotment for adjustments in county allotments due to trends in acreage, abnormal conditions affecting plantings, or small or new farms.

Farm Acreage Allotment

The county acreage allotment (less the reserve) must be distributed to the farms on which cotton has been planted (or regarded as planted under Public Law 12) in any one of the three years 1946, 1947, 1948 on the following basis:

(1) First, there would be allotted to each farm (a) the smaller of five acres or (b) the highest number of acres planted in any one of the previous three years

(2) The remainder of the county acreage allotment would be apportioned to farms other than those receiving an allotment under (1)(b) above on the basis of a prescribed percentage of cropland on the farm. In computing the cropland factor certain acreages are excluded from consideration.

The county committee may reserve not to exceed 15 percent of the county allotment to establish new farm allotment and to make adjustments in old farm allotments which are found to be out of line with allotments for other farms. However, not less than 20 percent of the reserve must to the extent required be used for the purpose of increasing initial allotments to farms receiving not more than 15 acres and not less than 5 acres under other provisions of law.

The PMA county committee may establish an allotment for any cotton farm acquired in 1940 or thereafter by the United States or any governmental agency which is returned to agricultural production but is not eligible for an old farm allotment. An allotment must be established for any farm within the State owned or operated by the person from whom a cotton farm was acquired in 1940 or thereafter for any public purpose. An applicant must file an application for an allotment within three years after he acquires the farm or by August 29, 1952, whichever is the later.

Farm Marketing Quota

The farm marketing quota is the actual production from all of the acreage planted to cotton on the farm less what is called the farm marketing excess. The farm marketing excess is the normal yield times the excess acres but it may not exceed the difference between the actual production on the farm less the normal production of the acreage allotment.

Performance Checking

After the planting season is over, PMA county committees employ performance reporters to measure the acreage of cotton planted on every farm in the county to check compliance with established acreage allotments.

Penalties

The farm marketing excess is subject to a penalty at a rate equal to 50 percent of the parity price as of June 15 of the calendar year in which the cotton is produced. Until the penalty is paid all cotton produced on the farm and marketed by the producer is subject to penalty and a lien in favor of the United States exists on the entire crop. Penalties collected during the years quotas were in effect are listed below:

Marketing Year (begins August 1)	Amount
1939-1940	$ 596,557
1940-1941	752,320
1941-1942	2,085,125
1942-1943	1,668,625
Total	5,102,627

Long Staple Cotton

All cotton having a staple of $1\frac{1}{2}$ inches or more in length and certain extra long staple cotton designated by the Secretary which is produced from pure strain varieties of American-Egyptian, Sea Island, or other similar types are exempt in areas designated by the Secretary from marketing quotas unless it is determined that the total supply will exceed the normal supply by more than 8 percent.

Wheat Acreage Allotment and Marketing Quota Program

Proclamation of Quotas

A national marketing quota for wheat must be proclaimed whenever the total supply for the marketing year beginning in that calendar year exceeds the normal supply by more than 20 percent or the total supply for the marketing year ending in that calendar year is not less than the normal supply and the average farm price for wheat for three consecutive months during the marketing year does not exceed 66 percent of parity price. The quota may be proclaimed at any time between January 1 and July 1 of the calendar year preceding the calendar year in which the marketing year begins.

At the time the determination was made with respect to the 1950 crop the provisions relating to quotas on wheat provided that quotas would be required if the total supply exceeded the normal year's domestic consumption and exports by more than 35 percent. It was announced that quotas would not be in effect based on the following:

Estimated carryover, July 1, 1950	320,000,000 bu.
Normal year's domestic consumption and exports	1,100,000,000 "
Estimated production 1950 crop	1,125,000,000 "
Indicated supply available in 1950-1951	1,445,000,000 "
Marketing quota level - 135% of 1,100,000,000 bu.	1,485,000,000 "

Amount of Quota

The amount of the national marketing quota is an amount equal to a normal year's domestic consumption and exports plus 30 percent thereof less the estimated carryover as of the beginning of the marketing year with respect to which the quota is proclaimed.

Termination or Increase in Quotas

Quotas may be terminated or increased if, after investigation, it is determined that such action is necessary to (1) make available, free of marketing restrictions, a normal supply of wheat, (2) meet a national emergency, or (3) meet an increase in export demand. In addition, if within 45 days after the beginning of the marketing year with respect to which a quota has been proclaimed, it is found that the total supply is less than that specified in the original proclamation, the quota must be increased accordingly. If the July or August crop estimate of the Department indicates that the total supply as of the beginning of the marketing year is less than the normal year's domestic consumption and exports plus 30 percent thereof, such fact must be proclaimed by the 20th of July or August, as the case may be, and quotas become ineffective

Proclamation of Supplies

Not later than July 15 of each marketing year the total supply and the normal supply of wheat must be ascertained and proclaimed.

Referendum

Before quotas can become effective, two-thirds of wheat farmers voting in a referendum must approve quotas. All persons who have an interest in the wheat crop on the farm subject to quotas are entitled to cast a secret ballot in the referendum. PMA county committees conduct the referendum and resident wheat farmers are in charge of the polling places and supervise the voting in every wheat community.

Quotas were approved in referenda held May, 1941 and May, 1942. Of the 559,630 farmers voting in 1941, 81 percent favored quotas for the 1941-1942 marketing year and 82.4 percent of the 392,111 farmers voting favored quotas for the 1942-1943 marketing year. Quotas were suspended for the 1942-1943 marketing year on February 23, 1943, because of the war emergency.

National Acreage Allotment

A national acreage allotment must be proclaimed if a national marketing quota is proclaimed and may be proclaimed even though the supply situation does not require the proclamation of quotas. This must be done by July 15 for the next crop of wheat.

The national acreage allotment is that acreage which will, on the basis of the national average yield, produce an amount adequate, together with the estimated carryover at the beginning of the marketing year to make available a supply for that marketing year equal to 130 percent of a normal year's domestic consumption and exports. The national acreage allotment of 68,944,099 acres for 1950 was arrived at in the following manner:

Normal year's domestic consumption plus 30 percent thereof		1,430,000,000 bu.
Estimated total requirements in 1950:		
Human food	490,000,000 bu.	
Feed	150,000,000 bu.	
Seed	80,000,000 bu.	
Exports	450,000,000 bu.	1,170,000,000 bu.
Estimated carryover, July 1, 1950		320,000,000 bu.

With a national average yield, after adjustments for abnormal weather conditions and upward trends in yields evident during the period 1939 through 1948, of 16.1 bushels per acre, 68,944,099 acres were estimated to be required to make available a total supply equal to 130 percent of a normal year's domestic consumption and exports.

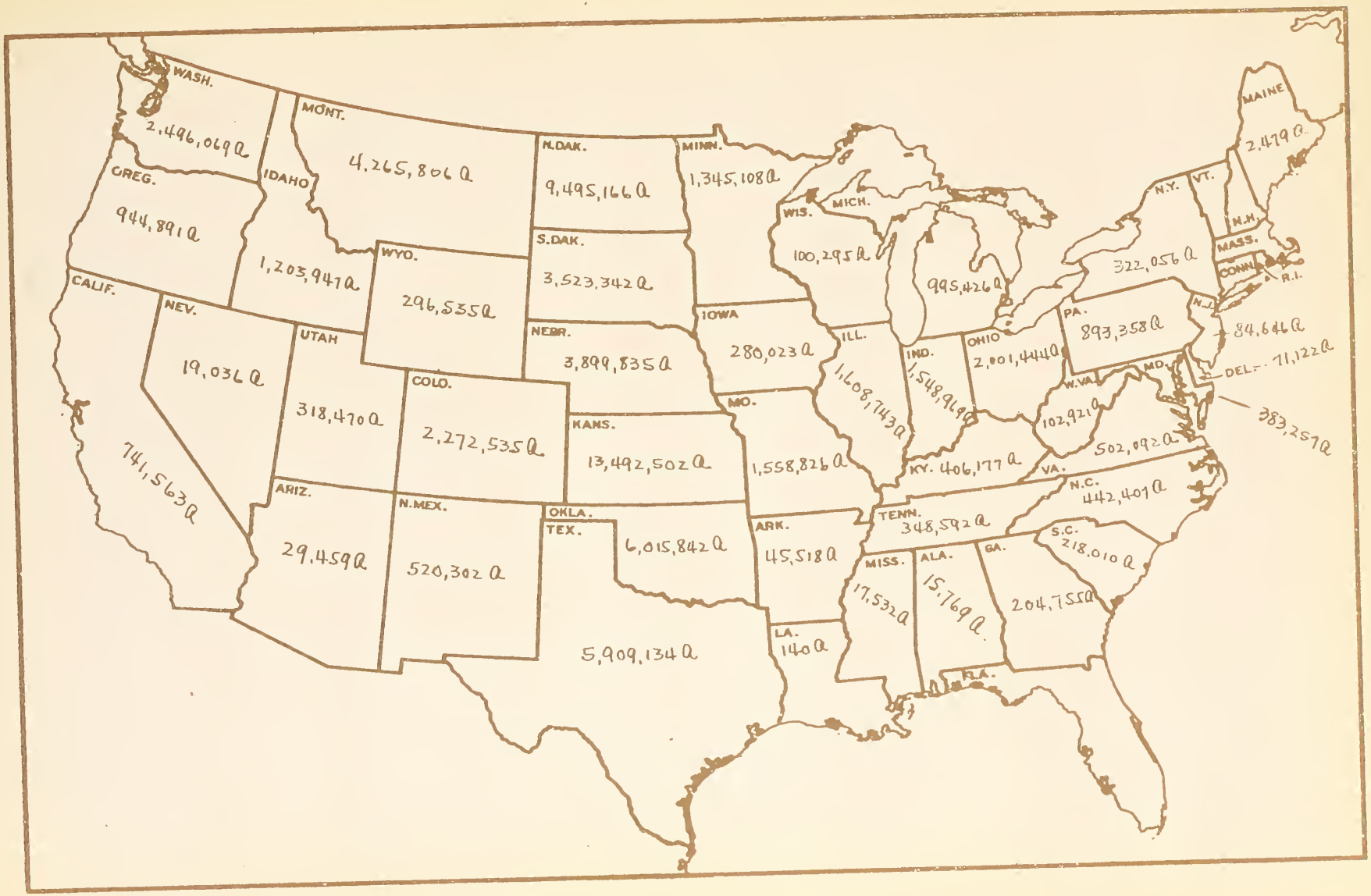
State Acreage Allotment

The national acreage allotment must be apportioned to the States based upon the acreage seeded for production of wheat during the ten calendar years immediately preceding the calendar year in which the national acreage allotment is determined (plus in applicable years, the acreage diverted under previous agricultural adjustment and conservation programs) with adjustments for abnormal weather conditions and for trends in acreage.

The acreages allotted for 1950 are shown below by States:

State	Allotment for 1950 crop (acres)	State	Allotment for 1950 crop (acres)
Alabama	15,769	Nebraska	3,899,835
Arizona	29,459	Nevada	19,036
Arkansas	45,518	New Hampshire	-
California	741,563	New Jersey	84,646
Colorado	2,272,535	New Mexico	520,302
Connecticut	-	New York	322,056
Delaware	71,122	North Carolina	442,407
Florida	-	North Dakota	9,495,166
Georgia	204,755	Ohio	2,001,444
Idaho	1,203,947	Oklahoma	6,015,842
Illinois	1,608,743	Oregon	944,891
Indiana	1,548,969	Pennsylvania	893,358
Iowa	280,023	Rhode Island	-
Kansas	13,492,502	South Carolina	218,010
Kentucky	406,177	South Dakota	3,523,342
Louisiana	140	Tennessee	348,592
Maine	2,479	Texas	5,909,134
Maryland	383,257	Utah	318,470
Massachusetts	-	Vermont	-
Michigan	995,426	Virginia	502,092
Minnesota	1,345,108	Washington	2,496,069
Mississippi	17,532	West Virginia	102,921
Missouri	1,558,826	Wisconsin	100,295
Montana	4,265,806	Wyoming	296,535
		Total	68,944,099

Acreage Allotments and Marketing Quotas
1950 Wheat Acreage Allotment Program
showing Acreages Allotted by States



County Acreage Allotment

The State acreage allotment is apportioned among counties on the basis of tillable acres, crop rotation practices, type of soil, and topography.

Farm Acreage Allotment

PMA county and community committeemen establish for every eligible farm a usual or normal acreage of wheat under uniform regulations and instructions issued by the Secretary. Tht total of all usual or normal acreages for farms in each county is adjusted pro rata to come within the State acreage allotment.

Farm Marketing Quota

Every wheat farm has a farm marketing quota - the actual production of the acreage planted to wheat on the farm less the farm marketing excess. However, quotas do not apply to farms on which the acreage planted to wheat is not more than 15 acres or on which the normal production of the acreage planted to wheat is less than 200 bushels.

Performance Checking

After planting season the PMA county and community committeemen determine the acreage of wheat planted on every farm growing wheat. This planted acreage is compared with the farm acreage allotment to establish whether the acreage of wheat grown is within or exceeds the farm acreage allotment.

Marketing Cards

After performance has been checked, marketing cards are issued to identify penalty free wheat. Marketing cards are issued to all farmers who comply with their acreage allotments and to those farmers who seeded not more than 15 acres or whose normal production of their seeded acreage is less than 200 bushels. Marketing cards are issued to farmers who exceed their acreage allotments only after they have made arrangements for handling the excess wheat by paying the penalty, by storing it in accordance with regulations or by delivering it to the Government.

Penalties

The primary object of the marketing penalty is to keep excess wheat off the market until it is needed. The rate of penalty is 50 percent of the basic loan rate applicable to cooperators. Regulations provide methods authorized by Congress whereby farmers may keep excess wheat off the market without having to pay a penalty. Until the penalty is paid, or is postponed or avoided in accordance with regulations, the entire crop of wheat is subject to a lien in favor of the United States and each

bushel of wheat marketed by the producer to any person within the United States is subject to a penalty payable by the buyer who may deduct the penalty from the purchase price. Wheat is regarded as marketed even though it is used on the farm.

The following penalties were collected in the years in which marketing quotas were in effect.

Marketing year (begins July 1)	Amount
1941-1942	$17,932,216
1942-1943	3,175,126
Total	21,107,342

Corn Acreage Allotment and Marketing Quota Program

The Agricultural Act of 1949 extends the date by which marketing quotas must be proclaimed for the 1950 crop only to February 1, 1950. This action was necessary because the effective date (January 1, 1950) of the amendments made by the Agricultural Act of 1948 would have made it legally impossible to proclaim quotas on the 1950 corn crop.

Proclamation of Quotas

Marketing quotas for corn must be proclaimed whenever in any calendar year it is determined that (a) the total supply for the marketing year beginning in that calendar year will exceed the normal supply by more than 20 percent, or (b) the total supply for the marketing year in that calendar year is not less than the normal supply and the average farm price for three consecutive months in the marketing year does not exceed 66 percent of parity. For the crop year 1951, and subsequent years, the proclamation may be made at any time between January 1 and November 15 of the calendar year preceding the year in which the crop is grown.

Quotas are applicable only to the commercial corn-producing area. The commercial corn area includes all counties in which the average production of corn (excluding corn used as silage) during the preceding ten calendar years after adjustments for abnormal weather conditions, is 450 bushels or more per farm and 4 bushels or more per acre of farmland.

The commercial corn producing area for 1950 was announced on December 30, 1949, and includes all counties in Illinois, Iowa, and Delaware and specified counties in other States. The total number of counties determined as being in the commercial corn area for the 1950 crop is 837, as shown below:

State	No. of Counties in Commercial Corn Area
Arkansas	5
Delaware	3
Illinois	102
Indiana	90
Iowa	99
Kansas	35
Kentucky	55
Maryland	16
Michigan	27
Minnesota	57
Missouri	77
Nebraska	70
New Jersey	2
North Carolina	13
North Dakota	1
Ohio	68
Pennsylvania	27
South Dakota	31
Tennessee	12
Virginia	12
West Virginia	2
Wisconsin	33
Total	837

Referendum

A referendum must be conducted within 20 days after the proclamation of marketing quotas. At least two-thirds of the farmers voting in the referendum must approve quotas before they can become effective.

Termination or Increase in Quotas

Quotas may be increased or terminated if, after investigation, it is determined that such action is necessary to (a) make available free of marketing restrictions a normal supply of corn, (b) meet a national emergency, or (c) meet an increase in export demand. If the September crop estimate shows that the total supply as of the beginning of the next marketing year will not exceed the normal supply by more than 10 percent, such fact must be proclaimed by September 20, and quotas become ineffective.

Proclamation of Supplies

The total supply, the normal supply and the reserve supply level of corn must be ascertained and proclaimed not later than September 1 for the marketing year beginning in the calendar year in which the proclamation is made.

National Acreage Allotment

If quotas are proclaimed, a national acreage allotment must be proclaimed and may be proclaimed even though the supply situation does not require the proclamation of quotas. The national acreage allotment for any calendar year must be proclaimed not later than February 1 of such calendar year. The national acreage allotment is that acreage in the commercial corn producing area which, on the basis of the average yield for the preceding 10 calendar years, adjusted for abnormal weather and trends in yield, required to produce an amount of corn, which when added to that produced outside the commercial corn producing area or imported, will make available a supply for the marketing year equal to the normal supply. The national acreage allotment for 1950 for the commercial corn area has been established at 46,246,973 acres.

County Acreage Allotment

The national acreage allotment is apportioned among counties in the commercial corn-producing area on the basis of acreage seeded for production during the ten preceding calendar years with adjustments for abnormal weather, trends in acreage, and for the promotion of soil conservation practices.

Farm Acreage Allotment

The county acreage allotment is apportioned to farms on the basis of tillable acreage, crop rotation practices, type of soil and topography.

Performance Checking

PMA county and community committeemen determine the acreage planted to corn to establish whether the acreage grown is within the farm acreage allotment.

Farm Marketing Quota

The farm marketing quota for the crop of corn is the actual production of the acreage planted to corn on the farm less the farm marketing excess. Quotas are not applicable to any farm in the commercial corn producing area on which the normal production of the acreage planted to corn is less than 300 bushels or on which the acreage planted to corn does not exceed 15 acres.

Penalties

During any marketing year for which marketing quotas are in effect the producer is subject to a penalty on such excess equal to 50 percent of the basic loan rate applicable to cooperators. The penalty may be postponed or avoided by storing or delivering the excess to the Government in a manner prescribed by regulations. Corn is regarded as marketed even though it is used on the farm.

Rice Acreage Allotment and Marketing Quota Program

The Agricultural Act of 1949 completely revises the method of establishing and apportioning acreage allotments and marketing quotas on rice and authorizes allotments to farms upon farm history (upon recommendation by the State Committee and approval of the Secretary) instead of to producers upon personal history as was previously the case.

Proclamation of Quotas

Quotas must be proclaimed whenever in any calendar year it is determined that the total supply of rice for the marketing year beginning in that calendar year will exceed the normal supply by more than 10 percent. The proclamation may be made at any time during the calendar year preceding the calendar year in which the crop will be produced.

On November 9, 1949, an invitation was issued to all persons interested in the determination of the 1950 rice acreage allotments and marketing quotas to present their views in writing not later than November 26, 1949. On December 30, 1949, it was announced that quotas would not be required for the 1950 rice crop.

Referendum

A referendum must be held within 30 days after the proclamation of marketing quotas to determine whether growers favor or oppose quotas. Quotas must be approved by at least two-thirds of the farmers voting in a referendum to become effective.

National Acreage Allotment

If marketing quotas are proclaimed, a national acreage allotment must be proclaimed and, as in the case of the crop year 1950, may be proclaimed even though the supply situation does not require the proclamation of quotas. This must be done not later than December 31 preceding the calendar year to which the acreage allotment applies. The national acreage allotment is that acreage required along with the estimated carryover from the marketing year ending in that calendar year to make available a normal supply of rice for the marketing year beginning in such calendar year. The national acreage allotment for the 1950 crop of rice has been established at 1,593,112 acres.

State Acreage Allotment

The national acreage allotment must be apportioned among the rice producing States on the basis of the average number of acres of rice produced in each State during the five years immediately preceding the calendar year for which the national acreage allotment is determined (plus in applicable years the acreage diverted under previous agricultural adjustment and conservation programs) adjusted for trends in acreage.

Farm Acreage Allotment

The State acreage allotment may be apportioned on a personal history basis or a farm history basis. The tentative regulations for the 1950 rice crop provide for apportioning, in California and Texas, the State acreage allotment among rice producers and in Arkansas, Louisiana, Mississippi, Missouri, and South Carolina, the county acreage allotment among farms in the county.

On a personal history basis, not less than 97 percent of the State acreage allotment is apportioned to farms owned or operated by persons who have produced rice in any one of the five calendar years preceding the year for which the apportionment is made on the basis of past production of rice taking into consideration acreage allotments previously established for such owners or operators. Abnormal conditions affecting acreage, crop rotation practices, land, labor, and equipment available for the production of rice, and soil and other factors affecting production are also taken into consideration.

Upon recommendation by the State Committee and approval of the Secretary, the State acreage allotment may be apportioned on a farm history basis. In this case, the State allotment, less not to exceed three percent for new farms, will first be apportioned to counties on the same basis as the national allotment is apportioned to States except that not to exceed five percent may be reserved for making adjustments in county allotments. The county acreage allotment is apportioned to farms on which rice has been produced during one or more of the five years immediately preceding the year for which the allotment is made on the basis of the same factors used in apportioning the State acreage allotment to producers. The history of rice production on the farm and previous farm rice acreage allotments are substituted for the producer's rice production history and previous acreage allotments.

Performance Checking

After the planting season, PMA county and community committeemen determine the acreage planted to rice to see whether the acreage of rice grown is within the acreage allotment.

Penalties

Whenever farm marketing quotas (actual production on the farm less the farm marketing excess) are in effect on any crop of rice, the producer is subject to a penalty on the farm marketing excess at a rate equal to 50 percent of the parity price per pound as of June 15 of the calendar year in which the rice was produced. The penalty may be postponed or avoided by keeping excess rice off the market by methods set forth in regulations.

SUGAR PROGRAM

Purpose Statement

The principal objective of the sugar program, carried on under the Sugar Act of 1948, is to protect the welfare of domestic producers and consumers of sugar. The attainment of this objective involves the determination of United States consumption requirements, the administration of quotas to regulate imports of sugar produced in foreign areas and marketings of sugar produced in domestic areas, and the making of payments to domestic producers of sugar beets and sugarcane.

The continental United States produces sugar from both sugar beets and sugarcane. Additional quantities of sugar are produced from sugarcane in Hawaii, Puerto Rico, and the Virgin Islands. The domestic sugar output, produced at a higher cost per unit than in foreign areas, falls far short of meeting the Nation's requirements. To meet total needs, the United States must import substantial quantities of sugar from foreign areas, mainly from Cuba and the Philippines.

If unlimited quantities of sugar were permitted entry into the continental United States from Cuba, the Philippines, and other foreign areas, prices to domestic consumers under ordinary circumstances could be expected to be slightly lower. However, under the present wage standards in domestic producing areas, unlimited imports (unless accompanied by a substantially higher tariff) would place domestic producers in an extremely difficult if not impossible competitive position, or would force drastic wage reductions on domestic workers. Moreover, planting of other crops is not feasible in most of the domestic sugar producing areas and the economy of these areas is dependent on sugar producing crops.

Quotas - The Sugar Act of 1948 provides the quota system for balancing supply with demand. Under quotas the Secretary of Agriculture, as authorized by the act, determines at the end of each year the consumption requirements of the continental United States for the coming year. This determination is not necessarily final, however; it may be changed later as actual consumption requirements change. For example, in December 1948 it was determined that 1949 requirements would be 7,250,000 short tons of sugar, raw value. This quantity was later increased to 7,500,000 tons.

Basic quotas for the five domestic producing areas -- domestic beet, mainland cane, Hawaii, Puerto Rico, and the Virgin Islands -- total 4,268,000 tons and for the Philippines, 982,000 tons. Additional imports to meet requirements are apportioned on the basis of 98.64 percent to Cuba and 1.36 percent to a group of other foreign countries.

Production adjustment - The Act provides that if production in any area will be greater than the quantities necessary to fill quotas and provide a normal carry-over inventory, restrictive proportionate shares, expressed in acres or sugar, shall be established. A restrictive program is designed to result in the production of sugar to meet the quota and provide a normal carry-over for the area. The quota for the area is divided among individual growers, and as one of the conditions for payments, production must not exceed the proportionate share.

Payments - Domestic producers of sugar beets receive conditional payments averaging about $2.50 per ton of beets. For producers of sugarcane the payments within the various domestic producing areas range from about 80 cents to $1.50 per ton of cane. The Sugar Act, in turn, imposes a special tax of 50 cents per hundredweight of sugar, raw value, on all manufactured sugar from sugar beets or sugarcane either produced in or brought into the continental United States.

Revenue - From the inception of the program in 1938 fiscal year through 1949 fiscal year, $766,132,939 sugar taxes have been collected and expenditures were $608,830,620.

	Estimated, 1950	Budget estimate, 1951
Appropriated funds	$60,000,000	$67,500,000

(f) Sugar Act

Appropriation Act 1950 and Base for 1951	$60,000,000
Budget Estimate, 1951	67,500,000
Increase	7,500,000

SUMMARY OF INCREASES AND DECREASE, 1951

For conditional payments to sugar growers, 1950 sugar crop	+7,292,438
For Operating expenses:	
For additional work on restrictive proportionate shares, marketing allotments and consumption requirements ..	+197,234
For adjustments in rates of pay of personnel of PMA County Committees	+26,000
To place on a full year basis in 1951 pay adjustments under Public Law 429 which were in effect for only a part of the fiscal year 1950	+8,605
To eliminate transfer of funds to the General Accounting Office in connection with preauditing sugar payment applications	-24,277

PROJECT STATEMENT
(Amounts Shown Include Pay Adjustment Costs)

Project	1949	1950 (estimated)	Increase or decrease: P.L. 429 adjustment	Increase or decrease: Other	1951 (estimated)
1. Payments to sugar producers:					
a. Continental beet area	$24,958,683	$24,835,504	- -	$+8,083,206	$32,918,710
b. Continental cane area	7,300,000	8,574,870	- -	-526,620	8,048,250
c. Offshore cane area ..	38,294,706	25,075,000	- -	-264,148	24,810,852
Total payments	70,553,389	58,485,374	- -	+7,292,438(1)	65,777,812
2. Operating expenses	1,452,256	1,514,626	$+8,605	+198,957(2)	1,722,188
Total pay adjustment costs, Public Law 429	- -	[20,903]	[+8,605]	[+3,584]	[33,092]
Total available	72,005,645	60,000,000	(3)+8,605	+7,491,395	67,500,000
Transfer in 1950 estimates from "Printing and binding, Department of Agriculture" ...	-5,645	- -			
Total appropriation or estimate	72,000,000	60,000,000			

INCREASES AND DECREASE

The increase of $7,500,000 in this item for 1951 is composed of the following:

(1) Increase of $7,292,438 for conditional payments to sugar growers on the 1950 crop.

Of the total amount available for the fiscal year 1951, $65,777,812 will be required for conditional payments to sugar producers on the 1950 crop. This is an increase of $7,292,438 over the $58,485,374 available in 1950 and is based on an estimated production in 1950 of 4,508,000 tons computed at the rates provided in the Sugar Act of 1948. This is an increase in 1950 of 353,000 tons over the estimate of 4,155,000 tons produced in 1949. The following tables indicate, by programs, the source of financing and by areas, the payments to growers and the number of payees under the 1948, 1949, and 1950 programs.

Crop Year	Appropriation 1949	Appropriation 1950	Budget Estimate 1951	Total on Program year basis
1945 Crop Program	$55	- -	- -	- -
1947 Crop Program	12,600,000	- -	- -	- -
1948 Crop Program	56,401,306	- -	- -	$56,401,306
1949 Crop Program	1,552,028	$58,485,374	- -	60,037,402
1950 Crop Program	- -	- -	$65,777,812	65,777,812
Total, Program Payments	70,553,389	58,485,374	65,777,812	

Area of Production	1948 Crop	1949 Crop (Estimated)	1950 Crop (Estimated)	Increase or decrease 1950 Crop Compared with 1949 Crop
Payments to Sugar Growers:				
Continental sugar beet area	$23,406,655	$26,387,532	$32,918,710	$+6,531,178
Continental sugar cane area	7,300,000	8,574,870	8,048,250	-526,620
Hawaii	7,628,611	9,000,000	9,899,320	+899,320
Puerto Rico	18,000,000	16,000,000	14,823,632	-1,176,368
Virgin Islands	66,040	75,000	87,900	+12,900
Total	56,401,306	60,037,402	65,777,812	+5,740,410

Area of Production	1948 Crop	1949 Crop (Estimated)	1950 Crop (Estimated)
Number of Payees:			
Continental sugar beet area	45,477	60,000	65,000
Continental sugar cane area	10,225	10,500	10,500
Hawaii	1,098	1,100	1,100
Puerto Rico	14,500	14,250	14,250
Virgin Islands	538	550	550
Total	71,838	86,400	91,400

(2) A net increase of $198,957 in operating expenses consisting of the following:

(a) An increase of $152,234 for additional work in establishing restrictive proportionate shares and marketing allotments. Present indications are that the supplies of sugar in the sugar beet and mainland sugarcane areas will call for the imposition of restrictive proportionate shares on the 1950 and 1951 mainland sugarcane and 1951 sugar beet crops and marketing allotments on processors in all domestic areas during the fiscal year 1951.

Restrictive proportionate shares. The Sugar Act provides that if production in any area will be greater than the quantities necessary to fill quotas and provide a normal carryover inventory, restrictive proportionate shares, expressed in acres or sugar, shall be established. A restrictive program is designed to provide a normal carryover for the area. The quota for the area is divided among individual growers, and, as one of the conditions for payment, production must not exceed the proportionate share. Since restrictive proportionate shares have not been in effect since the war, substantial additional work will be necessary in the Washington, State and county offices.

Marketing allotments. The Act provides that marketing allotments be established for any area, if necessary, to afford each processor an opportunity to market his fair share of the area's quota and to avoid disorderly marketing. It is contemplated that marketing allotments will be in effect on processors in all domestic areas during the fiscal year 1951. In 1949 the only allotments in effect were an overall allotment for Puerto Rico for consumption on the mainland and an allotment for local consumption in Puerto Rico. The establishment of marketing allotments for all domestic areas and Hawaii will entail considerable additional work in the Washington office.

Basis of Estimate and Financial Requirements

Departmental

The imposition of restrictive proportionate shares will entail making exhaustive production history research, gathering, compiling,

and analyzing economic and statistical data, preparing complete information on which the Secretary will base his determinations, developing and issuing forms and instructions to be used by State and county offices in determining individual farm acreages, supervising field activities, etc. Due to the complex and important nature of the work it is essential that close supervision of field activities be maintained in the 24 sugar producing States and that meetings be held with field personnel to instruct them in the regulations and procedures and to assist them in handling complex cases. In connection with establishing marketing allotments it will be necessary to hold hearings in the domestic beet and mainland sugarcane areas and in Hawaii, develop allotment control procedures suited to the specific conditions of processing and marketing in each area, and make field checks to insure compliance with procedures.

It is estimated that during the fiscal year 1951 $51,364 will be required for this work as follows:

	Personal Services		Travel	All Other Expenses	Total	
	Man Years	Amount			Man Years	Amount
Developing forms, instructions, and regulations ..	1.2	$6,428	$740	$305	1.2	$7,473
Research development and analysis of economic and statistical data	2.4	11,349	672	170	2.4	12,191
Field supervision	1.4	7,497	2,488	200	1.4	10,185
Allotment hearings	0.4	1,691	300	59	0.4	2,050
Development and operation of allotment controls ...	1.4	5,919	1,050	205	1.4	7,174
Field checks to review compliance	0.2	844	150	30	0.2	1,024
Tabulating statistical data, clerical and stenographic work, etc.	4.0	11,190	- -	77	4.0	11,267
Total	11.0	44,918	5,400	1,046	11.0	51,364

State Offices

The additional work in the State offices on proportionate shares will consist of instructing and assisting county committees to prepare listing sheets on which individual farm proportionate shares are determined and to exercise general supervision of the work in approximately 366 counties.

It is estimated that $25,870 will be required in the fiscal year 1951 to cover the cost of this additional work as follows:

	Personal Services		Travel	All Other Expenses	Total	
	Man Years	Amount			Man Years	Amount
Reviewing proportionate shares determined by county committees	2.0	$7,744	- -	$370	2.0	$8,114
Analyzing and adjusting proportionate shares	1.0	3,872	$500	168	1.0	4,540
Instructions and field supervision	3.0	11,616	1,500	100	3.0	13,216
Total	6.0	23,232	2,000	638	6.0	25,870

County Offices

Most of the detailed work on proportionate shares and the administration of the sugar program will be performed in the county offices. This will involve gathering and compiling farm production data and determining the proportionate share for each farm in the county producing sugar. Proportionate share will be established for approximately 70,000 farms. It is estimated that $75,000 will be required for this work, as follows:

	Personal Services		Travel	All Other Expenses	Total	
	Man Days	Amount			Man Days	Amount
Gathering and compiling production data, assembling statistical data, etc.	6,487	$54,085	$482	$3,092	6,487	$57,659
Reviewing and approving proportionate shares	1,849	13,868	3,173	300	1,849	17,341
Total	8,336	67,953	3,655	3,392	8,336	75,000

(b) Increase of $45,000 for Work on Consumption Requirements.

Section 201 of the Sugar Act of 1948 requires that adjustments be made for inventories of sugar in developing sugar consumption requirement determinations. Currently the only sugar inventory data available for industrial users, wholesale and retail inventories result from responses to a mail survey of a small portion of such businesses. Experience has demonstrated this method to be inadequate and accordingly arrangements have been made with the Bureau of the Census to perform quarterly surveys of industrial users, wholesalers, chain store organizations and annual surveys of small industrial users.

Basis for Estimate:

Industrial users - four quarterly mail surveys	$10,000
Wholesalers - four quarterly mail surveys	10,000
Chain store organizations - four quarterly mail surveys	5,000
Small industrial, wholesale and retail users (not included in the quarterly surveys) - one annual personal interview survey	20,000
Total estimated cost	45,000

(c) An increase of $26,000 for adjustments in rates of pay of personnel of PMA County Committees.

Need for Increase: It is proposed to increase the rates of pay of county committeemen and county association personnel by approximately 8 percent so that they will be more comparable with salaries paid for similar work in the same vicinity. A complete explanation of the need for and justification of making such adjustments is included under the item "Conservation and Use of Agricultural Land Resources".

Basis for Estimate:

Type of Personnel	Fiscal Year 1950 Based on Present Rates of Pay			Fiscal Year 1951 Based on Proposed Increase of 8%			Increase
	Man Days (Rounded)	Average Rates per Day	Actual Cost	Man Days	Average Rates per Day	Cost	
County Committeemen ..	4,392	$7.20	$31,624	4,392	$7.82	$34,347	$2,723
Community Committeemen	5,628	6.60	37,145	5,628	7.17	40,353	3,208
All other personnel ..	32,900	7.78	255,962	32,900	8.39	276,031	20,069
Total personnel			324,731			350,731	26,000
All other expenses ...			60,269			60,269	
Total expense			385,000			411,000	26,000

(d) A decrease of $24,277 due to elimination of transfer of funds to General Accounting Office. The 1951 Budget estimates provide for a direct appropriation to the General Accounting Office for the 1951 fiscal year for work in connection with preauditing sugar payment applications of sugar growers and therefore will not require a transfer of funds from the sugar program appropriation as in previous years.

(3) Increase of $8,605 to place on a full year basis in 1951 pay adjustments under Public Law 429 which were in effect for only a part of the fiscal year 1950.

CHANGE IN LANGUAGE

The estimates include proposed change in the language of the item as follows (new language underscored; deleted matter enclosed in brackets):

> To enable the Secretary to carry into effect the provisions of the Sugar Act of 1948 (7 U.S.C. 1101-1160), [$60,000,000] $67,500,000 to remain available until June 30 of the next succeeding fiscal year: Provided, That expenditures (including transfers) from this appropriation for other than payments to sugar producers shall not exceed [$1,493,723] $1,725,000.

The change in language increases the amount of the administrative expense limitation from $1,493,723 to $1,725,000 to provide for pay adjustment costs and other administrative expenses in connection with increases proposed in the Budget estimates.

STATUS OF PROGRAM

The Sugar Program is designed to protect the welfare of consumers and of those engaged in the domestic sugar industry by assuring a supply of sugar at prices which will not be excessive to consumers and which will fairly and equitably maintain and protect the sugar industry of the United States.

Activities under the program include:

Estimating consumer requirements

1. Initial determination of consumer requirements for the succeeding year is required to be made in December, in a manner which will attain the two objectives of maintaining the domestic sugar industry and providing sugar to consumers at prices which are not excessive, taking into consideration all of the following factors:

   a. Level of consumption during the preceding year
   b. Deficiency or surplus in inventories of sugar
   c. Changes in population and demand conditions
   d. Level and trend of consumers' purchasing power
   e. Relationship between the prices at wholesale for refined sugar that would result from such determination and the general cost of living in the United States as compared with the relationship between prices at wholesale for refined sugar and the general cost of living in the United States prevailing during 1947 prior to the termination of price control of sugar

2. Revision of initial estimate, as required. This necessitates a constant review of requirements as a basis for making revisions.

Establishing marketing quotas by areas

1. Quotas are based upon the consumption estimate as provided in the Act.

2. In the event any area is unable to fill its quota, the deficit is prorated in accordance with standards set forth in the Act.

Basic Sugar Quotas, Deficits, Prorations of Deficits, and Adjusted Quotas, for 1949
(Short tons, raw value)

	1949		
	Basic Quotas 1/	Deficits or Prorations 2/ & 3/	Adjusted Quotas
Domestic beet	1,800,000	(300,000)	1,500,000
Mainland cane	500,000	48,773	548,773
Hawaii	1,052,000	(400,000)	652,000
Puerto Rico	910,000	181,401	1,091,401
Virgin Islands	6,000	-	6,000
Philippines	982,000	(425,000)	557,000
Cuba	2,219,400	873,576	3,092,976
Other foreign countries	30,600	21,250	51,850
Total	7,500,000	- 0 -	7,500,000

1/ Regardless of deficit prorations, by reason of Section 204(c) of the Act each area retains its basic quota.

2/ Quantities in parentheses represent deficits declared for the areas shown; those not in parentheses are prorations of deficits to areas shown.

3/ As of November 25, 1949.

Marketing allotments

Whenever the Secretary determines that the allotment of any quota or proration thereof is necessary in order to prevent disorderly marketing or importation or to enable all persons to market their fair share of the quota, he is required to allot such quota among the persons who normally market sugar from such area on the basis of standards set forth in the Act.

In 1949 it was necessary to allot both the mainland and local quotas for Puerto Rico, as well as the direct consumption portion of the mainland quota. In the fiscal year 1951 and future years it will be necessary to allot quotas for other domestic producing areas.

Payments to producers

1. Conditional payments are made to producers who qualify by meeting the following specific conditions: child labor restrictions; payment of fair and reasonable wage rates; payment by producer-processors of fair and reasonable prices for sugar beets or sugarcane purchased; and marketing of sugar beets or sugarcane within the proportionate share or acreage allotment established for a farm.

2. Abandonment and deficiency payments are also made with respect to bona fide abandonment of planted acreage and crop deficiencies of harvested acreage.

The following table shows the total conditional payments, the abandonment and deficiency payments, and the number of payees for the 1947 and 1948 crop years.

Payments to producers - 1947 and 1948 crops 1/

	Beet Sugar Areas	Mainland Cane Sugar Area	Hawaii	Puerto Rico 2/	Virgin Islands
	(Dollars)	(Dollars)	(Dollars)	(Dollars)	(Dollars)
Payments on Sugar Beets or Sugarcane:					
1947 crop	30,957,000	5,728,000	8,109,000	14,828,000	44,000
1948 crop	22,007,000	6,800,000	7,629,000	15,200,000	66,000
Abandonment and Deficiency Payments:					
1947 crop	1,308,000	576,000	--	233,000	--
1948 crop	1,400,000	500,000	--	300,000	--
Total Payments:					
1947 crop	32,265,000	6,304,000	8,109,000	15,061,000	44,000
1948 crop	23,407,000	7,300,000	7,629,000	15,500,000	66,000
	(Number)	(Number)	(Number)	(Number)	(Number)
Payees:					
1947 crop	59,500	9,600	1,400	13,400	600
1948 crop	45,500	10,200	1,100	13,700	500

1/ Preliminary
2/ 1946-47 and 1947-48 crops

Special Determinations

The Secretary is required to issue annual determinations for the establishment of proportionate shares in the several domestic sugar producing areas irrespective of whether restriction of marketings are necessary. The Determination for Proportionate Shares for Puerto Rico with respect to the 1949-50 crop provides the method for restricting marketings from that crop. Restrictions became necessary as a result of the preceding crop which was the largest on record. Certain other

determinations issued by the Secretary in connection with conditional payments under the Act are being constantly reviewed to determine whether revisions are necessary because of changes in cultivation, harvesting and processing of sugar beets and sugarcane.

Factors relating to normal yields, eligibility with respect to abandonment and deficiency, and rates of commercially recoverable sugar are under constant review to reflect current conditions.

Excise tax

An excise tax imposed on sugar manufactured in the United States more than offsets the expenditures for the Sugar Program. There is set forth below, by fiscal years, a comparison of funds obligated for the Sugar Program and the sugar tax collections.

Fiscal Year	Sugar Tax Collections	Total Obligations
1938	$ 30,569,130	$ 22,074,400
1939	65,414,058	52,460,654
1940	68,145,358	47,212,400
1941	74,834,839	47,677,678
1942	68,229,803	47,869,513
1943	53,551,777	55,638,374
1944	68,788,910	54,818,026
1945	73,293,966	52,359,899
1946	56,731,986	48,418,425
1947	59,151,922	53,456,423
1948	71,246,834	54,844,828
1949	76,174,356	72,000,000
1950 (Est.)	72,000,000	60,000,000
1951 (Est.)	75,000,000	67,500,000
Total	913,132,939	736,330,620

Wage and Prices

Hearings

In compliance with the Sugar Act of 1948, public hearings were conducted in all of the domestic sugar producing areas. The purpose of these hearings was to receive testimony likely to be of assistance to the Secretary of Agriculture in determining fair and reasonable wages and prices.

Wage determinations

Determinations establishing fair and reasonable wage rates were issued for each of the domestic sugarcane and sugar beet producing areas. The determinations specified the minimum wage rates which producers must pay to persons engaged in the production, cultivation, or harvesting of sugar beets and sugarcane as one of the conditions for payment under the Sugar Act. Although some changes were made in the method of the application of rates, the level of wages established remained about the same as for the previous year.

Price determinations

Fair and reasonable prices were established for each of the domestic sugar producing areas. Except for the mainland sugarcane area (Louisiana and Florida) no significant changes were made in the terms and conditions of determinations for the previous year. In Louisiana, the price determination differed from prior determinations in that it provided higher payments for clean, high quality sugarcane and premiums and discounts which reflected more accurately the milling value of sugarcane. In Florida, the changes made recognize to a greater extent than previously current production and manufacturing conditions and the shift that had occurred in the relative position of growers and processors in recent years because of new methods of production and reductions in sugar recoveries.

Special studies and surveys

The study of costs, returns, and related factors of the beet industry, initiated in February 1948, was completed in the spring of 1949. A similar study of the Hawaiian sugar industry, begun in April 1949, was completed in the late summer of that year. Since the Hawaiian study, field work has commenced in connection with the study of the Puerto Rican sugarcane industry. Other studies of major importance were labor performance studies in the thinning and harvesting of sugar beets and in the harvesting of sugarcane in Louisiana.

REMOVAL OF SURPLUS AGRICULTURAL COMMODITIES SECTION 32

Purpose Statement

This is a permanent appropriation authorized by Section 32 of the Agricultural Adjustment Act of August 24, 1935 (Public Law No. 320, 74th Cong.) It provides that an amount equal to 30 percent of the gross receipts from customs duties each calendar year shall be made available to the Secretary of Agriculture during each succeeding fiscal year to encourage the exportation or domestic consumption or utilization of American agricultural commodities.

To encourage exports, Section 32 funds have been used to make direct payments to exporters, thus making it possible for them to purchase American agricultural commodities and sell them at lower prices in foreign markets. The Foreign Assistance Act of 1948, furthermore, authorizes the use of Section 32 funds to make payments, not exceeding 50 percent of the export sales price, to exporters or to Government agencies exporting surplus agricultural commodities to occupied areas and to countries participating in the European Recovery Program.

Section 32 export programs were carried on during fiscal year 1949 for cotton, eggs, flaxseed, fresh and canned grapefruit, grapefruit juice, fresh oranges, orange juice, fresh pears, dried prunes, and dried raisins.

To increase domestic consumption by purchase and distribution, Section 32 funds are used to buy surplus agricultural commodities -- generally perishable commodities, such as fruits and vegetables. Foods thus acquired are turned over to school lunch programs, charitable institutions serving needy persons, or to persons certified by welfare agencies as eligible for relief.

During fiscal year 1949, Section 32 purchases included dried eggs, dried apricots, canned apples, dried apples, canned applesauce, dried figs, canned orange juice, dried peaches, canned plums, dried prunes, dried raisins, dried milk, honey, snap beans, cabbage, Irish potatoes, and sweetpotatoes.

Also to increase consumption these funds are used to divert surplus commodities to by-products or new uses. During the fiscal year 1949 payments were made to manufacturers to encourage the fabrication of insulating materials from cotton. A program was carried on to divert certain varieties of surplus fresh pears from normal markets to new markets where pear consumption was below normal. To increase the domestic utilization of plentiful foods moving through normal channels of trade a Plentiful Foods Program is conducted. This program maintains close working relations with the producer, wholesale and retail groups, and with press, radio, and other public information media.

The Agricultural Act of 1949 provides that Section 32 funds shall be devoted principally to perishable non-basic agricultural commodities (other than those designated in Title II of the Agricultural Act of 1949) and their products. Commodities designated in Title II are: wool including mohair, tung nuts, honey, Irish potatoes, milk, butterfat, and the products of milk and butterfat.

The Agricultural Act of 1948 provides for the continued availability of unexpended balances of Section 32 funds, to the extent of $300,000,000 for surplus removal and price support programs.

	Estimated, 1950	Budget estimate, 1951
Appropriated funds (permanent appropriation)	$125,606,982	$110,000,000

(g) Removal of Surplus Agricultural Commodities (Section 32)

Appropriation Act, 1950 and base for 1951	$125,606,982
Budget Estimate, 1951	110,000,000
Decrease (Due to reduction in customs receipts in calendar year 1949)	-15,606,982

PROJECT STATEMENT
(Amounts Shown Include Pay Adjustment Costs)

Project	1949	1950 (estimated)	Increase or decrease	1951 (estimated)
1. Purchases of agricultural commodities for distribution through authorized agencies	$25,824,918	$68,535,247	$-5,375,247	$63,160,000
2. Encouragement of export of agricultural commodities	26,881,971	34,090,000	-10,065,000	24,025,000
3. Diversion of agricultural commodities to by-products and new uses	777,128	18,815,000	--	18,815,000
4. Surplus removal operating expenses	1,500,566	3,042,535	-177,395	2,865,140
5. Marketing agreements and orders	833,643	1,124,200	+10,660	1,134,860
Total pay adjustment costs:				
Public Law 429	--	(71,081)	(+31,377)	(102,458)
Public Law 359	--	(664)	(+270)	(934)
Total Available	55,818,226	125,606,982	-15,606,982	110,000,000
Unobligated balance	2,129,502	--		
Transferred to "National School Lunch Program, Department of Agriculture.	75,000,000	--		
Total appropriation or estimate	132,947,728	125,606,982		

DECREASE

The net decrease of $15,606,982 in this appropriation is the result of an estimated reduction in customs receipts during the calendar year 1949. The allocation of the net decrease as shown in the foregoing project statement is tentative only, since the method of handling surpluses through purchase, diversion or export is determined at the time the need arises, and is based upon a consideration of the most effective method of handling the particular problem in the light of possible outlets and other factors.

There is a very urgent need for Section 32 funds which are available for fiscal year 1950. As of December 31, 1949, approximately 80 percent of these funds had been docketed for specific programs and plans had been completed for use of the remaining 20 percent. Although authority exists for the accumulation of not to exceed $300,000,000 Section 32 funds in order to build up for future emergencies and needs, it is not anticipated that there will be any carryover into this fund from the fiscal year 1950 appropriation.

The extent to which these funds will be required during fiscal year 1951 depends upon total agricultural production and domestic and foreign demands for the commodities produced. In recent years the largest use of these funds has been for perishable and semi-perishable commodities. This has been true in large part for the reason that many of the most important non-perishable commodities have been aided through other programs such as the loan-and-purchase program of the CCC. These funds will be devoted principally for perishable non-basic commodities other than those for which price support is mandatory. A reduction of $15,606,982 in funds available in fiscal year 1951 would mean that financial assistance could not be given to as many surplus crops or to as great an extent.

The project statement also reflects the necessary adjustments to provide for placing on a full year basis in 1951 pay adjustments under P. L. 429 which were in effect for only a part of the fiscal year 1950.

CHANGE IN LANGUAGE

The estimates include proposed change in the language of this item as follows (deleted matter enclosed in brackets):

> /Not to exceed $150,000 of the appropriation made available by section 32 of the Act of August 24, 1935 (7 U.S.C. 612(c)), shall be used to pay any subsidy, benefit, or indemnity to manufacturers of or dealers in insulation products./

This change in language deletes the provision relating to the amount of Section 32 funds which may be used to pay any subsidy, benefit, or indemnity to manufacturers of or dealers in insulation products. The activities under this limitation will have been completed by June 30, 1950, and its retention in the annual appropriation act is no longer necessary.

STATUS OF PROGRAM

Current Activities: This appropriation is available for expanding market outlets for farm commodities by removing from the market surplus agricultural commodities through:

(a) Purchases for distribution through State distributing agencies to school lunch programs, and to welfare agencies and institutions eligible to receive such purchases.

(b) Encouragement of exports through payments which will permit the sale of surplus commodities in foreign markets.

(c) Encouragement of domestic consumption by diversion from normal channels of trade to by-products and new uses.

These funds are also used for the administration of marketing agreements and orders which aim to establish and maintain orderly marketing conditions for certain commodities and their products.

These programs directly or indirectly tend to maintain prices received by farmers for many commodities.

The Agricultural Act of 1949 provides that Section 32 funds shall be devoted principally to perishable non-basic agricultural commodities (other than those designated in Title II of the Agricultural Act of 1949) and their products. Commodities designated in Title II are: wool including mohair, tung nuts, honey, Irish potatoes, milk, butterfat, and the products of milk and butterfat.

Recent progress and trends:

A. Purchases of agricultural commodities for distribution to authorized agencies:

1. During the fiscal year 1949 approximately 387 million pounds of agricultural commodities at a cost of $26,000,000 were purchased for distribution as follows:

(a) Donations to school lunch programs, eligible institutions, and welfare recipients, 357 million pounds-$25,000,000. Distribution of these commodities was made by 181 authorized agencies to the following participants:

(1) 45,400 schools serving 7.7 million children
(2) 3,300 institutions serving 1.2 million persons
(3) 233,000 individual welfare recipients

(b) Donations to public or non-profit agencies for use in demonstrating the value of specific agricultural surpluses for livestock feed or industrial products, 30 million pounds-$1,000,000

2. Quantity and Cost of Commodities Purchased for Distribution During Fiscal Years 1948 and 1949

Commodity	Unit	1948 Quantity	1948 Value	1949 Quantity	1949 Value
Eggs, dried	lb	9,051,109	$13,119,439	6,313,053	$ 8,877,029
Fruits:					
Apricots, dried	ton	1,415	552,422	--	24,327*
Apples, canned	lb	1,193,760	108,104	--	12,980*
Apples, fresh	box	892,827	2,112,227	--	--
Apples, dried	ton	3,703	1,098,967	--	50,506*
Applesauce, canned	lb	18,255,842	1,268,585	--	178,598*
Figs, dried	ton	6,684	1,328,921	--	29,552*
Grapefruit juice, canned	lb	70,884,612	3,492,975	--	--
Orange juice, canned	gal	467,213	1,398,776	--	76,998*
Peaches, dried	ton	7,331	1,883,132	--	152,650*
Pears, fresh	box	120,404	304,802	--	--
Plums, canned	lb	4,107,712	280,350	--	45,186*
Prunes, dried	ton	7,967	1,647,606	3,381	824,059
Raisins, dried	ton	7,205	1,332,414	4,483	923,672
Nonfat dry milk solids	lb	--	--	14,000,000	1,850,000
Honey	lb	5,639,780	822,158	11,592,600	1,659,406
Tree nuts:					
Filberts	lb	482,160	223,537	--	--
Walnuts	lb	1,800,000	910,206	--	--
Vegetables:					
Beans, snap	32# bu	67,850	117,098	10,811	23,766
Beets, topped	50# bg	8,681	7,160	--	--
Cabbage	50# bg	53,423	68,260	121,000	134,676
Potatoes, Irish	bu	5,290,256	12,390,924	5,412,878	10,609,574
Potatoes, Sweet	bu	496,293	986,697	153,117	293,939
Total		xxx	45,414,760	xxx	25,766,918

* Transportation costs on prior year purchases.

B. Encouragement of export of agricultural commodities

1. Export payments totaling approximately $27,000,000 were made during fiscal year 1949 to encourage the exportation of approximately 695 million pounds of agricultural commodities. With the exception of cotton and fresh pears, these programs were carried out under the provisions of the Foreign

Assistance Act of 1948 which provides that Section 32 funds may be used to facilitate the exportation of surplus commodities to foreign countries for assistance or relief purposes.

2. Quantity of Commodities Exported and Payments Made During Fiscal Years 1948 and 1949

Commodity	Unit	1948 Quantity	1948 Payments	1949 Quantity	1949 Payments
Cotton	bale	973,365	$2,021,658	18,840	$ 1,884
Eggs	pound	37,475,633	6,594,758	7,675,403	5,100,000
Flaxseed	bushel	- -	- -	4,001,887	4,161,373
Fruits:					
Apricots, dried	ton	1,390	143,663	- -	- -
Citrus juice, blend	case	- -	- -	656	328
Dates, dried	ton	750	33,777	- -	- -
Figs, dried	ton	6,788	281,056	- -	- -
Grapefruit, fresh	box	- -	- -	212,195	175,192
Grapefruit, canned	case	- -	- -	1,600	1,325
Grapefruit juice	case	- -	- -	7,741	3,626
Oranges, fresh	box	- -	- -	513,422	582,758
Orange juice	gallon	- -	- -	29,987	16,652
Peaches, dried	ton	1,702	102,928	- -	- -
Pears, fresh	box	- -	- -	55,733	25,080
Prunes, dried	ton	34,441	1,661,146	57,698	3,251,272
Raisins, dried	ton	11,897	516,385	54,120	3,340,204
Peanuts	ton	- -	- -	73,718	10,222,277
Tobacco	pound	73,940,702	9,163,483	- -	- -
Total		xxx	20,518,854	xxx	26,881,971

C. Diversion of agricultural commodities to by-products and new uses:

Three small programs were operated during fiscal year 1949 in an effort to encourage domestic consumption through diversion of the commodities to by-products and new uses.

Quantity of Commodities Diverted and Payments Made During Fiscal Years 1948 and 1949

Commodity	Unit	1948 Quantity	1948 Payments	1949 Quantity	1949 Payments
Cotton, insulation	bale	16,021	$ 460,319	16,850	$358,063
Figs, dried	ton	- -	- -	2,185	195,300
Pears, fresh	box	61,640	27,738	108,367	48,765
Potatoes, Irish	bushel	6,839,824	7,578,123	- -	- -
Total		xxx	8,066,180	xxx	602,128

The cotton insulation program is being discontinued during the fiscal year 1950.

D. Food Preservation and Marketing of Abundant Foods:
The work perfomed under this program supplemented the Direct Distribution Program by (1) furnishing assistance and advice in the preservation of foods and in the operation of preservation centers and (2) encouraging the consumption of plentiful foods through normal channels of trade.

1. Food Preservation Program
(a) Surplus Foods Preserved During Fiscal Year 1949 by Local preservation centers for redistribution in processed form to schools and other outlets

Commodity	Pounds
Apples, fresh	2,779,958
Cabbage	136,500
Sweetpotatoes	172,700
Irish potatoes	168,600
Dried fruits:	
Apples	30,000
Figs	170,910
Peaches	3,720
Prunes	254,250
Raisins	139,230
Total	3,855,868

(b) Assistance and advice furnished to non-profit food preservation centers during fiscal year 1949

Projects	Items
Workshops conducted in food preservation training	120
Technical assistance furnished in modifying canneries and installing equipment	229
Plant surveys performed	85

2. Marketing of Abundant Foods Program:

Programs conducted during fiscal year 1949 to move extra quantities of plentiful foods through normal channels of trade

Projects	Items
Average number of foods listed monthly on Abundant Foods List	20
Abundant Foods List distributed monthly to the food trade and Allied industries	7,000
Personal visits to encourage use of abundant foods:	
Wholesalers, Retailers, Distributors	640
Public feeding groups	110
Press, radio, institutions, utilities, labor unions	460
Cooperative assistance in the Abundant Foods Program:	
Newspapers and trade journals	46
Radio Stations	1,500

E. Marketing agreements and orders:

Marketing agreement and order programs were in effect during fiscal year 1949 for two general classes of commodities and products thereof: (1) milk, and (2) tree fruits, tree nuts, and vegetables. Activities under the Agreement and Order Programs in effect during fiscal year 1948 and 1949 for the two general classes are reflected in the following tables:

1. Activities Under the Milk Marketing Agreement and Order Programs during Fiscal Years 1948 and 1949

Activity	F.Y. 1948	F.Y. 1949
Agreement and Order Programs in effect	30	30
Hearings held to consider amendments to existing orders or the issuance of orders in new areas	71	37
Requests received for new programs	7	16
Amendments issued to existing orders	35	43
Suspensions issued to existing orders	21	8
Petitions received for review of various order provision	22	14
Petitions disposed of during year	62	6
Court cases started during the year	23	19
Court cases disposed of during the year	18	13
Hearings held under Administrative Procedures Act	7	4
Applications reviewed from cooperatives for qualifications to participate under the Act	41	15
Cases disposed of under the Act	36	17

2. Milk Marketing Agreement and Order Programs in Effect for fluid milk during fiscal year 1949

Markets: State	Markets: City	Est. No. of Producers	Est. annual vol. of pooled milk (pounds)
Illinois	Chicago and suburban Chicago	22,957	3,459,491,000
Illinois-Iowa	Quad Cities	1,469	121,234,000
Indiana	Fort Wayne, La Porte	1,759	149,632,000
Iowa	Clinton, Dubuque, Sioux City	874	74,141,000
Iowa-Nebraska	Omaha, Council Bluffs	2,165	126,075,000
Kansas	Topeka, Wichita	903	89,641,000
Kansas-Missouri	Kansas City	2,345	241,398,000
Kentucky	Louisville, Paducah	2,078	234,000,000
Kentucky-Ohio-West Virginia	Tri-State	1,527	120,814,000
Louisiana	New Orleans (61-70 mile zone)	2,570	198,286,000
Massachusetts	Boston, Fall River, Lowell-Lawrence	14,765	1,549,316,000
Minnesota-Wisconsin	Duluth-Superior	1,180	87,906,000
Minnesota	Minneapolis-St. Paul	5,622	613,674,000
Missouri	St. Louis	3,342	361,126,000
New York	New York (201-210 mile zone)	45,624	6,023,958,000
Ohio	Cincinnati, Cleveland, Columbus, Dayton-Springfield, Toledo	21,021	1,570,025,000
Pennsylvania	Philadelphia	9,180	1,016,671,000
Tennessee	Nashville	708	99,010,000
Total fiscal year 1949		140,089	16,136,398,000

3. Activities under the Fruit and Vegetable Agreement and Order Programs during Fiscal Years 1948 and 1949

Activity	Fiscal Year 1948	Fiscal Year 1949
Agreement and order programs in effect	20	21
Hearings held to consider amendments to existing orders or the issuance of orders in new areas	11	11
Requests received for new programs	5	7
Amendments issued to existing orders	3	3
Suspensions issued to existing orders	0	0
Petitions received for review of various order provisions	4	8
Petitions disposed of during the year	5	7
Regulatory orders issued under provisions of marketing order	214	230
Appointment of administrative or control committees	17	39
Promulgation of committee rule making	9	35
Committee budgets approved	14	31

4. Fruit and Vegetable Marketing Agreement and Order Programs in Effect during Fiscal Year 1949

Commodity	Estimated Number of Commercial Producers	Estimated Farm Value
Citrus fruits:		
California-Arizona desert grapefruit	2,000	$ 3,500,000
California-Arizona lemons	6,100	34,000,000
California-Arizona oranges	20,000	92,000,000
Florida oranges	15,000	60,000,000
Florida grapefruit	15,000	13,500,000
Florida tangerines	15,000	6,500,000
Deciduous fruits:		
California Tokay grapes	1,900	4,800,000
California Bartlett pears	2,600	22,200,000
California plums	2,400	13,700,000
California Elberta peaches	1,300	5,000,000
Georgia peaches	1,200	6,000,000
Colorado peaches	900	3,400,000
Utah peaches	500	1,500,000
California Buerre hardy pears	500	1,500,000
Oregon-Washington-California fall and winter pears	3,000	16,000,000
Oregon-Washington fresh prunes	600	5,000,000

Commodity	Estimated Number of Commercial Producers	Estimated Farm Value
Potatoes:		
Idaho-Oregon	1/ 10,000	55,000,000
Colorado	1/ 5,900	33,000,000
Oregon-California	1/ 1,400	13,000,000
Michigan-Wisconsin-Minnesota-North Dakota	1/330,000	92,000,000
Virginia-North Carolina	1/ 22,700	25,000,000
South Dakota	1/ 4,400	4,000,000
Maine	1/ 18,000	112,000,000
Nuts:		
California-Oregon-Washington walnuts	19,000	30,000,000
Vegetables:		
Colorado peas	400	1,100,000
Colorado cauliflower	250	700,000
Total	xxx	654,400,000

1/ Includes number of farms growing potatoes for sale or home use from 1945 census.

NATIONAL SCHOOL LUNCH PROGRAM

Purpose Statement

This program, authorized by the National School Lunch Act of June 4, 1946, is designed to: (1) improve the health and well-being of the Nation's children, and (2) broaden the market for agricultural food commodities.

Federal assistance, in the form of both funds and feed, is provided to States and Territories for use in serving nutritious midday meals to children attending schools of high school grades and under. To be eligible for participation in this program schools must operate their lunch rooms on a non-profit basis and must comply with minimum requirements set forth in the agreement entered into by the State educational agency and the United States Department of Agriculture.

Each applicant State must submit a plan of operation for approval of the Department within 30 days after the first of the fiscal year. Meals served must meet minimum nutritional requirements established by the Department of Agriculture. The type A or "complete" lunch furnishes 1/3 to 1/2 the daily nutritional requirements of the child; the type B meal, less adequate nutritionally, contains the same nutritional elements but in smaller quantities; and the type C meal consists of 1/2 pint of milk only.

Each State's portion of the total funds available is determined by means of a formula contained in the National School Lunch Act of June 4, 1946. This formula is based on two factors: (1) the number of school children in the State and, (2) the need for assistance in the State as indicated by the relation of the per capita income in the United States to the per capita income in the State. The funds are paid to the States in quarterly installments and, upon submission of claims to the State agency, schools are reimbursed for a portion of the food cost of each meal served. Maximum Federal reimbursements for meals are 9 cents, 6 cents, and 2 cents for Type A, B, and C meals, respectively. Lunches must be served free of charge, or at reduced prices to children who are unable to pay full cost of the lunch.

Federal funds paid to any State must be matched from sources within the States. During fiscal year 1950 the requirement is one State dollar for each Federal dollar. Beginning in 1951 through 1955, States must contribute $1.50 for each Federal dollar. Beginning in 1956 States must contribute $3.00 for every Federal dollar received.

In addition to the cash assistance, food is purchased and distributed by the Department under authority of Section 6 of the National School Lunch Act. In making these purchases, consideration is given to: (1) the nutritional value of the foods in order that they may assist in meeting the minimum nutritional requirements of the regulations governing the program, and (2) the current market supply to assure that the more abundant foods are purchased. Further, the National School Lunch Program provides the largest single outlet for surplus commodities purchased under the authority of Section 32 of the Agricultural Adjustment Act, as amended.

	Estimated, 1950	Budget estimate, 1951
Appropriated funds	$83,500,000	$83,500,000

(h) National School Lunch Act

Appropriation Act, 1950	$83,500,000
Budget Estimate, 1951	83,500,000
Change, 1951	- -

PROJECT STATEMENT
(Amounts Shown Include Pay Adjustment Costs)

Project	1949	1950 (estimated)	P.L. 429 adjustment	1951 (estimated)
1. Food assistance	$73,283,320	$81,850,000	-$12,789	$81,837,211
2. Operating expenses ...	1,577,740	1,650,000	+12,789	1,662,789
Total pay adjustment costs -				
P. L. 429	- -	[27,290]	[+12,789]	[40,079]
P. L. 359	[- -]	[332]	- -	[467]
Unobligated balance	138,940	- -	- -	- -
Total available	75,000,000	83,500,000	- -	83,500,000
Transferred from "Removal of Surplus Agricultural Commodities, Department of Agriculture"	-75,000,000	- -		
Total appropriation or estimate	- -	83,500,000		

ADJUSTMENTS

As shown above, an adjustment is necessary between projects to place on a full-year basis in 1951 pay adjustments under P. L. 429 which were in effect for only a part of the fiscal year 1950.

STATUS OF PROGRAM

The School Lunch Program is designed to:

1. Broaden the market for agricultural food commodities by:

   a. providing an expanded market for agricultural commodities through local purchases of food by school lunch programs in commercial channels of trade;

   b. serving as a valuable outlet for agricultural commodities purchased by the Department to alleviate local and seasonal surpluses;

   c. expanding the outlet for highly nutritious foods, particularly in areas of nutritional deficiencies;

   d. introducing a wider variety of foods, thus creating a demand for commodities that many housewives would not otherwise buy.

2. Improve the health and well-being of the Nation's children by:

   a. Providing them a well-balanced lunch at school to help fill their daily nutritional requirements.

      Experience indicates that children who get lunch under this program, compared with those who do not. show:

      (1) more rapid gain in weight and height

      (2) better attendance records

      (3) improvement in scholastic standing

      (4) better deportment

      (5) higher resistance to colds and other illnesses.

   b. Developing proper and nutritionally beneficial food habits which will continue in later life.

Current activity under the program includes:

1. Furnishing cash assistance to schools for food purchases by:

   a. apportioning among the States and Territories a minimum of 75 percent of the total food assistance funds available on the basis of need as indicated by:

      (1) State per capita income compared with United States per capita income,

      (2) State population 5 to 17 years of age.

b. Paying the apportioned funds to State agencies on a quarterly basis so that they can reimburse participating schools for a portion of the food cost of lunches served when the schools:

(1) agree to operate on a nonprofit basis;

(2) serve meals meeting minimum nutritional standards prescribed by the Secretary;

(3) offer luncheon to all children attending the school and serve it free or at reduced cost to children who are unable to pay the full cost;

(4) agree to purchase commodities designated by the Secretary as being in abundance.

c. Paying the funds directly to participating private schools in the 29 States where State laws forbid disbursement of funds by State agencies to private schools. (A proportionate share of the State's total apportionment is held back for this purpose.)

2. Furnishing food items to schools for lunch programs by:

a. Purchasing foods under Section 6 to help schools meet nutritional requirements most economically and by arranging distribution through approved State distributing agencies:

(1) at a total cost not to exceed 25 percent of the food assistance funds;

(2) on the basis of their nutritional value and acceptability;

(3) in areas where they are most needed.

b. Distributing commodities acquired under the Section 32 appropriation to schools through approved State distributing agencies.

c. Distributing to schools, through approved State distributing agencies, commodities acquired by the Commodity Credit Corporation pursuant to Section 416 of the Agricultural Act of 1949.

3. Furnishing administrative and technical assistance to State agencies and participating schools with respect to:

a. handling of funds;

b. purchase and storage of food;

c. proper use of equipment;

UNITED STATES DEPARTMENT OF AGRICULTURE
PRODUCTION AND MARKETING ADMINISTRATION

NATIONAL SCHOOL LUNCH PROGRAM

TABLE I

PERCENTAGE OF SCHOOLS AND CHILDREN PARTICIPATING
Fiscal Year 1949

State	Elementary and Secondary Schools			Children in Elementary & Secondary Schools		
	Total Number 1/	Number Participating 2/	Percent Participation	Total Enrollment 3/	Number Participating 2/	Percent Participation
Alabama	4,070	1,242	30.5	663,287	206,744	31.2
Arizona	606	190	31.4	122,473	37,285	30.4
Arkansas	4,259	914	21.5	418,244	135,372	32.4
California	4,702	2,048	43.6	1,680,401	361,778	21.5
Colorado	2,353	349	14.8	221,199	44,643	20.2
Connecticut	1,162	338	29.1	312,249	47,669	15.3
Delaware	249	74	29.7	50,049	13,610	27.2
District of Columbia	189	141	74.6	115,620	34,883	30.2
Florida	2,277	774	34.0	398,275	146,104	36.7
Georgia	4,906	1,344	27.4	709,544	226,140	31.9
Idaho	1,130	236	20.9	105,214	32,902	31.3
Illinois	11,126	2,382	21.4	1,394,176	375,076	26.9
Indiana	3,769	1,026	27.2	707,600	145,971	20.6
Iowa	9,584	917	9.6	508,681	121,621	23.9
Kansas	6,203	655	10.6	357,685	61,282	17.1
Kentucky	6,487	1,077	16.6	585,630	165,077	28.2
Louisiana	3,256	1,413	43.4	512,196	279,185	54.5
Maine	1,930	449	23.3	178,238	33,525	18.8
Maryland	1,364	582	42.7	355,927	95,085	26.7
Massachusetts	2,802	1,701	60.7	757,034	219,486	29.0
Michigan	9,288	1,485	16.0	1,125,256	249,111	22.1
Minnesota	6,994	1,101	15.7	530,352	152,520	28.8
Mississippi	5,349	1,178	22.0	534,086	154,386	28.9
Missouri	7,987	1,342	16.8	709,476	158,383	22.3
Montana	1,714	192	11.2	103,695	22,707	21.9
Nebraska	6,515	374	5.7	250,962	43,781	17.4
Nevada	241	44	18.3	28,267	4,465	15.8
New Hampshire	1,797	328	18.3	91,847	26,419	28.8
New Jersey	2,326	1,060	45.6	757,702	156,879	20.7
New Mexico	890	226	25.4	142,356	27,983	19.7
New York	9,086	2,565	28.2	2,302,895	631,223	27.4
North Carolina	4,458	1,256	28.2	842,838	287,539	34.1
North Dakota	3,666	431	11.7	123,344	25,242	20.5
Ohio	5,471	1,418	25.9	1,314,645	244,674	18.6
Oklahoma	4,546	1,393	30.6	462,280	115,561	25.0
Oregon	1,666	438	26.3	230,712	53,760	23.3
Pennsylvania	10,371	2,036	19.6	1,831,887	259,155	14.1
Rhode Island	493	204	41.4	127,996	24,796	19.4
South Carolina	3,969	1,394	35.1	461,858	168,788	36.5
South Dakota	3,772	20 4/	0.5	121,708	2,684 4/	2.2
Tennessee	5,526	1,735	31.4	629,152	192,373	30.6
Texas	9,259	2,342	25.3	1,314,328	320,455	24.4
Utah	526	309	58.7	143,085	48,565	33.9
Vermont	1,087	221	20.3	67,269	18,176	27.0
Virginia	3,865	1,061	27.5	580,743	167,351	28.8
Washington	1,635	729	44.6	408,218	106,397	26.1
West Virginia	4,668	1,413	30.3	425,502	104,887	24.7
Wisconsin	7,357	1,475	20.0	612,646	141,490	23.1
Wyoming	752	169	22.5	54,831	13,081	23.9
TOTAL U. S.	197,698	45,791	23.2	26,483,658	6,706,269	25.3
Alaska	5/	6	-	9,674	858	8.9
Hawaii	5/	154	-	99,517	58,581	58.9
Puerto Rico	5/	1,820	-	383,787	190,886	49.7
Virgin Islands	5/	32	-	6,051	3,575	59.1
TOTAL TERRITORIES		2,012	-	499,029	253,900	50.9
U.S. & TERRITORIES		47,803	-	26,982,687	6,960,169	25.8

1/ Source: U. S. Office of Education. Data is for 1945-46.
2/ November 1948. The number of schools was higher in some States in subsequent months during the school year, but November was the peak month in terms of children participating nationally.
3/ Source: U. S. Office of Education. Data is a combination of 1946-47 figures for public schools and 1945-46 for private schools.
4/ Private schools only. Public schools did not participate in this State in fiscal 1949.
5/ Data not available.

12/21/49

d. preparation and serving of meals;

e. maintenance of records and preparation of reports.

4. Making reviews and audits of programs by:

a. annual audits of the records of State agencies administering the program and, with State agency's understanding, auditing records of selected schools;

b. comprehensive administrative analyses of State agencies' operations under the program;

c. administrative reviews in individual schools as necessary.

Examples of recent progress and trends: The National School Lunch Program in 1949 continued to benefit an increasing number of children. It resulted in the purchase by school lunch operators of approximately $168,000,000 worth of agricultural commodities - $28,000,000 more than were purchased in 1948. Almost 15 percent more contributions of funds and services were received from sources within the States than in 1948.

Extent of participation:

1. Over-all participation showed a marked increase in 1949 over 1948:

a. Schools. Final figures for 1948 reveal a peak in March of 45,833 with an average for the principal school months (September through June) of 38,958. Preliminary figures for 1949 place peak participation in February totaling 50,226, an increase of almost 4,400 schools. Average number of schools participating during the 10-month period (September through June) of 1949 was 43,025.

b. Children. Peak participation in 1948 was reached in December. It totalled 6,014,596 with a 10-month average (September through June) of 5,257,918. Preliminary reports for 1949 show a peak of 6,960,169 in November and a 10-month average of 6,095,014. Table I shows 1949 peak participation, by State, and the percentage of eligible schools and children participating.

2. Participation by month:

a. Monthly participation in 1949 - as in 1948 - showed much less fluctuation than in prior years. The peak was reached earlier in 1949 than in any previous year and the decline was more gradual.

Participation in the National School Lunch Program
Fiscal Years 1948 and 1949, by Month

Month	Number of Schools		Number of Children	
	Fiscal Year 1948	Fiscal Year 1949 Preliminary	Fiscal Year 1948	Fiscal Year 1949 Preliminary
July	793	1,553	67,113	125,788
August	2,564	5,521	284,102	489,540
September	30,577	34,467	4,569,048	5,334,145
October	39,126	43,262	5,652,309	6,455,373
November	43,358	47,803	5,998,206	6,960,169*
December	44,542	48,874	6,014,596*	6,895,392
January	45,511	49,778	5,936,055	6,894,979
February	45,764	50,226*	5,992,643	6,941,995
March	45,833*	50,158	5,911,429	6,842,366
April	44,409	48,606	5,604,783	6,402,048
May	38,784	42,731	5,047,813	6,001,052
June	11,675	14,352	1,852,299	2,222,615
Average September-June	38,958	43,025	5,257,918	6,095,014

*Peak Month

Quantity and quality of meals served:

1. Quantity. More children in participating schools were fed nutritious lunches over a longer period of the school year judging by (1) the high participation at the outset of the school year; (2) the maintenance of this high rate throughout the school year; and (3) the increase in total number of meals served. The total number of meals served was about 151,000,000 greater - an estimated 1,121,000,000 in 1949 as compared with about 970,000,000 in 1948.

2. Quality. Type A meals continued to comprise the greater part of the total meals served. In 1949, 59 percent of all meals served were Type A - a complete meal furnishing 1/3 to 1/2 of one day's nutritive requirements. This was an increase over the previous year when Type A meals were 55 percent of the total. The increase in number of Type A meals served was due mainly to two factors: (1) the large quantity of surplus or plentiful foods distributed by the Department which were acquired under the Section 32 program as well as Section 6 of the School Lunch Act; and (2) an estimated 14 percent increase in contributions from sources within the States and a 9 percent increase in the amount of Federal funds paid to States.

Benefits to agriculture:

1. Commodities utilized during 1949 in the School Lunch Program cost an estimated $204,000,000. Of this amount, an estimated $168,000,000 was expended by schools locally - both Federal and State funds - and 285,000,000 pounds of commodities costing

UNITED STATES DEPARTMENT OF AGRICULTURE
Production and Marketing Administration

Quantity and Estimated Value of Commodities
Distributed to Schools
Fiscal Year 1949

State	Section 32		Section 6		Total	
	Quantity (Pounds)	Estimated Value	Quantity (Pounds)	Estimated Value	Quantity (Pounds)	Estimated Value
Alabama	9,472,856	$1,047,084	2,846,230	$624,118	12,319,086	$1,671,202
Arizona	932,912	95,209	389,448	91,807	1,322,360	187,016
Arkansas	7,175,868	828,536	1,815,240	399,216	8,990,908	1,227,752
California	8,201,650	880,854	2,702,402	576,629	10,904,052	1,457,483
Colorado	2,001,931	180,922	461,243	106,308	2,463,174	287,230
Connecticut	488,860	45,506	328,136	79,120	816,996	124,626
Delaware	404,379	36,111	88,200	19,936	492,579	56,047
District of Columbia	261,106	25,331	50,756	13,418	311,862	38,749
Florida	3,723,713	375,094	1,810,805	387,982	5,534,518	763,076
Georgia	8,631,609	1,024,930	3,210,908	696,167	11,842,517	1,721,097
Idaho	684,558	100,795	333,517	75,193	1,018,075	175,988
Illinois	7,568,445	498,923	2,249,036	496,304	9,817,481	995,227
Indiana	4,114,783	319,225	1,222,456	239,983	5,337,239	559,208
Iowa	4,797,063	457,775	1,281,585	276,853	6,078,648	734,628
Kansas	3,320,373	296,226	670,671	161,460	3,991,044	457,686
Kentucky	5,298,168	584,473	2,247,485	488,287	7,545,653	1,072,760
Louisiana	9,320,279	818,477	2,310,503	511,870	11,630,782	1,330,347
Maine	851,018	90,741	241,151	52,233	1,092,169	142,974
Maryland	2,807,956	297,881	742,952	159,932	3,550,908	457,813
Massachusetts	4,840,446	382,288	918,252	200,717	5,758,698	583,005
Michigan	6,654,560	613,899	1,792,236	390,171	8,446,796	1,004,070
Minnesota	4,363,130	343,560	1,172,834	262,470	5,535,964	606,030
Mississippi	5,473,741	627,026	1,878,193	407,143	7,351,934	1,034,169
Missouri	5,641,136	318,241	1,406,337	304,124	7,047,473	622,365
Montana	595,188	77,509	271,305	62,152	866,493	139,661
Nebraska	1,297,170	110,129	203,888	33,496	1,501,058	143,625
Nevada	237,215	30,225	98,775	18,101	335,990	48,326
New Hampshire	583,021	50,227	142,706	32,702	725,727	82,929
New Jersey	2,839,699	336,161	985,531	218,026	3,825,230	554,187
New Mexico	2,949,090	284,789	334,340	78,598	3,283,430	363,387
New York	9,212,776	872,546	3,851,616	843,302	13,064,392	1,715,848
North Carolina	10,066,552	996,806	3,163,441	709,445	13,249,993	1,706,251
North Dakota	878,137	63,522	130,144	28,899	1,008,281	92,421
Ohio	11,428,703	1,098,467	2,939,063	644,723	14,367,766	1,743,190
Oklahoma	7,354,442	632,295	1,515,958	336,035	8,870,400	968,330
Oregon	2,032,782	189,328	643,754	145,019	2,676,536	334,347
Pennsylvania	7,130,215	634,513	1,603,665	348,719	8,733,880	983,232
Rhode Island	791,764	62,871	136,537	30,400	928,301	93,271
South Carolina	8,132,222	807,902	2,339,509	507,736	10,471,731	1,315,638
South Dakota	770,566	102,722	51,019	11,895	821,585	114,624
Tennessee	7,181,889	797,018	2,516,978	516,180	9,698,867	1,313,198
Texas	12,810,091	1,140,884	3,625,321	825,935	16,435,412	1,966,819
Utah	1,764,924	163,710	530,250	119,297	2,295,174	283,007
Vermont	749,980	67,070	146,272	32,222	896,252	99,292
Virginia	7,252,216	755,738	1,780,619	387,874	9,032,835	1,143,612
Washington	2,846,950	406,638	1,115,161	246,361	3,962,111	652,999
West Virginia	5,957,058	442,961	1,257,680	272,814	7,214,738	715,775
Wisconsin	2,824,772	204,352	924,042	209,000	3,748,814	413,352
Wyoming	669,232	81,201	189,219	47,075	858,451	128,276
Continental United States	215,408,994	20,698,698	62,667,369	13,727,447	278,074,363	34,426,145
Alaska	78,790	23,082	-	-	78,790	23,082
Hawaii	501,001	122,976	656,137	109,051	1,157,138	232,027
Puerto Rico	2,829,850	681,555	3,264,630	638,615	6,094,480	1,320,170
Virgin Islands	100,659	23,720	130,493	24,887	231,152	48,607
Territories	3,510,300	851,333	4,051,260	772,553	7,561,560	1,623,886
Grand Total	218,917,294	21,550,031	66,718,629	14,500,000	285,635,923	36,050,031

approximately $36,000,000 were distributed by the Department under Section 6 of the National School Lunch Act and Section 32 of Public Law 320, 74th Congress. Table II shows distribution by States. The following table shows estimated quantity and value of commodities distributed to schools during 1949:

Section 6

Commodity	Quantity (Pounds)	Estimated Cost
Cheese, American	13,924,980	$6,000,000
Milk solids, nonfat dry	9,234,000	2,025,000
Orange juice, concentrated	8,196,062	2,010,000
Peanut butter	4,286,925	1,010,000
Tomatoes and tomato paste, canned	31,076,662	3,455,000
Total, Section 6	66,718,629	14,500,000

Section 32

Commodity	Quantity (Pounds)	Estimated Cost
Apples, dried	2,363,147	$380,939
Apples, fresh	326,457	18,608
Apples, sliced, canned	960,552	97,976
Applesauce, canned	14,160,674	1,182,416
Apricots, dried	1,997,808	434,323
Beans, fresh	257,709	17,524
Cabbage, fresh	3,828,730	126,348
Eggs, dried	5,472,732	8,209,098
Figs, dried	1,914,342	208,089
Filbert nuts	86,450	39,335
Grapefruit juice, canned	8,518,506	468,518
Honey	4,371,546	745,786
Orange juice, concentrated	3,701,547	1,079,001
Peaches, dried	4,826,288	690,159
Pears, fresh	173,635	10,071
Potatoes, sweet	3,837,974	166,568
Potatoes, white	145,916,898	5,836,676
Prunes, canned	3,415,576	378,787
Prunes, dried	6,182,211	706,627
Raisins, dried	6,398,277	650,065
Walnut meats	206,235	103,117
Total, Section 32	218,917,294	21,550,031

Significant factors affecting program:

1. Increase in State and local contributions:

   a. In 1949 contributions from sources within the State comprised 74 percent of the total funds made available for the program. (See "Method of Financing the Program" below)

b. Two State governments - Louisiana and Minnesota - made substantial increases in State appropriations for the School Lunch Program.

2. Assistance was given to States in the development of standards by which to judge the eligibility of applicant schools. A statistical method was devised for weighing the relative need of applicant schools and assigning rate differentials based on:

a. Size of program,

b. Financial status of program,

c. number of meals served free or at reduced cost,

d. prices charged for lunches,

e. economic status of the community.

3. Use of abundant food lists. Monthly lists of foods in seasonal abundance were utilized more fully by school lunch opeators to the financial advantage of the program, both locally and Federally, and to the nutritional improvement of the lunches. Both old and new participants are recognizing more and more the value of these lists.

4. Rate of cash payments. Quarterly payments to States in 1949 continued as in 1948, being made on the basis of 1946 expenditures. By this means, States were able to plan their programs, by quarters, for the entire year to fit the amount of available funds.

Method of financing the program:

1. Federal appropriations comprised slightly less than 26 percent of the total funds available in 1949 compared with 27 percent in 1948.

2. Contributions from sources within the State made up more than 74 percent.

Estimated Income, by Source
Fiscal Years 1948 and 1949

Source	Fiscal Year 1948 Amount	1948 %	Fiscal Year 1949 Amount	1949 %	Percentage Increase 1949 over 1948
Federal Appropriation	$70,000,000	27.0	$75,000,000	25.6	7.1
Sources within the States:					
Payments by children	138,282,000	53.0	158,553,000	54.1	14.7
State and local government appropriations	29,052,000	11.0	35,418,000	12.1	21.9
Other local contributions .	22,674,000	9.0	23,887,000	8.2	0.5
Total State Contributions	190,008,000	73.0	217,858,000	74.4	14.7
Grand Total Funds Available	260,008,000	100.0	292,858,000	100.0	12.6

1950 Activity:

1. Participation and number of meals served:

   a. Based on preliminary reports for the month of October, it is estimated that participation in 1950 will be about 10 percent greater than that of 1949.

   b. The number of meals served is expected to increase by about 7 percent or 8 percent.

2. Section 6 commodities purchased: Section 6 purchases during the period July 1 through December 31, 1949 total almost $13,000,000. These purchases include:

Commodity	Quantity (pounds)	Estimated Commodity Cost
Concentrated orange juice	1,691,147	$628,005
Canned fruit	38,575,890	3,298,873
Cheddar cheese (natural and processed)	14,079,000	4,751,562
Peanut butter	7,999,965	1,672,994
Canned tomatoes and tomato paste	30,621,772	2,548,288
Total	92,967,774	12,899,722

These commodities are in process of distribution to State agencies, which, in turn, will make them available to schools participating in the program. Only those schools operating programs which meet all requirements of the National School Lunch Act and the regulations thereunder are eligible to share in Section 6 commodities. These commodities are intended for use in helping the schools meet the minimum nutritional requirements under the regulations.

MARKETING SERVICES

Purpose Statement

The programs under this general heading provide for a number of activities to facilitate orderly marketing of farm products. These activities may be grouped into three broad categories: (1) regulatory, (2) services, and (3) research.

The regulatory activities include administration of (1) Perishable Agricultural Commodities Act; (2) Produce Agency Act; (3) Export Apple and Pear Act; (4) The Standard Container Acts; (5) Packers and Stockyards Act; (6) Federal Insecticide, Fungicide, and Rodenticide Act; (7) Federal Seed Act; (8) United States Grain Standards Act; (9) Naval Stores Act; (10) United States Warehouse Act; and certain provisions of the Tobacco Acts and the Cotton Acts. These laws are designed to protect both producers and consumers of agricultural commodities from loss or injury resulting from deceptive, fraudulent, and careless marketing practices. Although the details vary for each law, the work under each includes one or more of the following: (1) licensing or registration, (2) supervision of operations of licensees, (3) collection and testing of samples, (4) development of standards, (5) settlement of disputes, (6) handling of violations.

The service activities, in addition to some phases of related work under the regulatory acts listed above, include: (1) collection and dissemination of market news and statistics on movements, supplies, demand, quality, and prices of livestock, meats, wool, fruits, vegetables, honey, peanuts, dairy products, poultry products, grain, hay, feed, seed, rice, hops, beans, cottonseed, cotton, and tobacco; (2) inspection or grading of agricultural products to identify their quality and condition; (3) participating in proceedings with carriers and the Interstate Commerce Commission in obtaining reasonable freight rates for farm products; and (4) assisting in developing solutions to emergency transportation and storage problems for farm products.

The research activities provide the basis for many of the service and regulatory activities and include primarily the development of standards and grades for agricultural commodities. Use of such standards for some commodities, such as grain and cotton, are mandatory if the products are sold by grade and shipped in interstate commerce. For most other commodities, use of the standards is permissive. The research work also includes studies to develop improved distribution methods and techniques; basic principles for improvement of transportation, storage, and market facilities; and methods of testing products for compliance with the regulatory acts.

	Estimated, 1950	Budget estimate, 1951
Appropriated funds	$10,438,500	$11,400,000

(i) Market News Service

Appropriation Act, 1950	$1,900,000
Transferred from "Removal of surplus agricultural commodities", Department of Agriculture for increased travel costs	10,835
Anticipated transfer from "Supply and distribution of farm labor", Department of Agriculture for P. L. 429 pay adjustment costs	37,300
Base for 1951	1,948,135
Budget Estimate, 1951	2,274,300
Increase	+326,165

SUMMARY OF INCREASES, 1951

For reporting the Indiana - Ohio direct hog marketing area and for news service on direct sales of cattle in the Southwest and Plains Area	+38,800
For wholesale meat reporting at Boston and Philadelphia	+18,520
For assuring uninterrupted service through the employment of additional technically-trained reporters to substitute during periods of extended leave of regular employees	+17,595
To provide a reporting service on truck shipments of fruits and vegetables formerly conducted on a pilot basis under the Research and Marketing Act and for improving and expanding truck receipts service on fruits and vegetables	+132,710
For reporting fruit and vegetable markets at Washington, D. C. and Humboldt, Tenn.	+11,970
For improving the service on poultry and eggs at Des Moines, Iowa and for initiating service on poultry and eggs and expanding the dairy service at Madison, Wisconsin	+20,315
For improving and expanding the service on dairy and poultry products including broiler reports	+50,225
For service on dry edible beans in the intermountain States and on grain and feed in certain southeastern States	+21,465
To place on a full-year basis in 1951, pay adjustments costs under P. L. 429 costs which were in effect for only a part of fiscal year 1950	+14,565

PROJECT STATEMENT
(Amounts Shown Include Pay Adjustment Costs)

Project	1949	1950 (Estimated)	Increase: P. L. 429 adjustment	Increase: Other	1951 (Estimated)
1. Livestock, meats and wool	$669,724	$724,655	+$5,570	+$74,915(1)	$805,140
2. Fruits and vegetables	679,857	740,890	+5,355	+144,680(2)	890,925
3. Dairy and poultry products	298,802	320,500	+2,470	+70,540(3)	393,510
4. Grain, hay, feed, seed, rice, hops, and beans	95,100	98,860	+650	+21,465(4)	120,975
5. Cottonseed	24,879	25,780	+205	- -	25,985
6. Cold-storage reports	33,919	37,450	+315	- -	37,765

(Continued on next page)

Project	1949	1950 (Estimated)	Increase: P. L. 429 adjustment	Increase: Other	1951 (Estimated)
Total pay adjustment costs, Public Law 429	- -	[37,300]	[+14,565]	[+6,835]	[58,700]
Unobligated balance	15,201	- -	- -	- -	- -
Total available	1,817,482	1,948,135	+14,565(5)	+311,600	2,274,300
Transfer in 1950 estimates from "Printing and binding, Department of Agriculture"	-7,432				
Transferred from: "Removal of surplus agricultural commodities" Dept. of Agr.	- -	-10,835			
"Supply and distribution of farm labor, Department of Agriculture"	- -	-37,300			
Total appropriation or estimate	1,810,050	1,900,000			

GENERAL STATEMENT

From its inception in 1915 to the current fiscal year, the Market News Service has been improved and expanded to meet specific needs in various areas and commodities. It has not, however, kept pace with the over-all changes in marketing patterns of the past twenty years such as (1) increased selling of farm commodities at country points directly to chain store organizations and large jobber-distributors; (2) the increased use of trucks rather than rail or boat to transport agricultural commodities to market; (3) expanded production and use of processed foods; (4) the use of radio as a means of disseminating information.

Recognizing the need for adjusting the service to meet these changes in the industry, the House Subcommittee on agricultural appropriations, during hearings on the 1950 Agriculture Appropriation Bill, requested that the Department make a survey of the entire service and present, with 1951 Budget Estimates, a comprehensive, unified plan for improving the service nationwide. This plan would serve as a guide to the Committee as to what the Department feels should be done. The Senate Committee, in turn, called for a plan for Federal-State financing of the service.

Such a survey has been made and a plan completed for the development of the Market News Service over a period of several years. Copies of this are being furnished to the Subcommittee separately. The 1951 estimate coincides with the recommendations for the first year of this plan. There follows a justification, by project, of the increase requested for 1951.

INCREASES

The increase of $326,165 in this item for 1951 is composed of the following:

(1) An increase of $74,915 under the project "Livestock, meats and wool" composed of:

(a) An increase of $38,800 for reporting the Indiana-Ohio direct hog marketing area and for reporting on direct sales of cattle in the Southwest and Plains area.

Need for Increase: No livestock marketing information is being gathered at the present time in several important direct livestock marketing areas. Further, these areas are not adequately serviced by reports issued at nearby terminal markets. One of these areas is the Indiana-Ohio direct hog marketing area. Indiana and Ohio rank third and sixth, respectively, in production of hogs. Packing plants and buying organizations have developed a series of buying stations throughout parts of the two states to the extent that it is now the second largest direct hog marketing area in the country. Nearby terminal markets prefer that their reports giving price and supply information be delayed at least until noon thus depriving producers in the Indiana-Ohio area of information on opening bids at terminal markets.

Direct sales of cattle in the Southwest and Plains area are likewise not adequately covered. Increasing numbers of both stockers and feeders and grass fed slaughter cattle are being sold on contract or for immediate delivery direct from range to feeders and slaughterers. The percentage of cattle sold direct increased about 2 1/2 times between 1930 and 1948.

Plan of Work: To report the Indiana-Ohio direct hog marketing area an office would be established at a central point, such as Muncie, Indiana, which would consist of three technical employees and two clerks. Principal buyers in the area would be contacted by telephone early each morning for data on early price trend and price quotations by class, grade, and weight. This data would be transmitted immediately by leased wire to college radio stations at Lafayette, Indiana and Columbus, Ohio for dissemination by radio. Additional information would be gathered as trading progressed during the day and current reports issued periodically. Complete reports would then be prepared covering full day's trade for press and for mimeograph releases. In order to establish and maintain mutual confidence as between the Federal Market News reporter and his local sources of information and the recipients of the reports, the Federal reporter would make periodic personal calls on various individuals in the area. He ascertains in this way the accuracy and reliability of the data he receives daily by telephone. He engenders in all his contacts confidence in himself and his service. He gives both buyers and sellers invaluable advice concerning the use of grade terminology, the type of information required and many other factors which could not be covered effectively through correspondence.

To cover direct sales of cattle in the Southwest and Plains area, a reporter, headquartered at Kansas City, would be assigned to cover the

and Montana. He would relay information to the nearest field office for leased wire transmission to Kansas City where it would be released as a weekly review.

(b) An increase of $18,520 for wholesale meat reporting service at Boston and Philadelphia.

Need for Increase: Reports on movement and price of wholesale meat are now being issued from six important consuming centers in the country - New York, Chicago, Los Angeles, San Francisco, and Portland, Oregon, with some local reporting at Houston. This covers the West Coast reasonably well but the Atlantic Coast Area is not adequately covered. Boston, representing the New England Area, and Philadelphia, third largest city in the United States, should be included in this program as the first step toward rounding out national coverage.

Plan of Work: Wholesale meat reporting service would be established--one office at Boston and one at Philadelphia, each manned by one technical and one clerical employee to report supplies, trade activities, and prices on wholesale meat in these cities.

(c) An increase of $17,595 for assuring uninterrupted service through the employment of additional technically trained reporters to substitute during periods of extended leave of regular employees.

Need for Increase: To be of maximum value, the market news service must be continuous. Any interruption or lapse in the issuance of reports minimizes the benefit which producers derive from the service. To provide uninterrupted service and at the same time to permit regular employees to take the leave to which they are entitled, technically-trained reporters should be available to step in at any time in the so-called one-man office. The work in many of the market news service stations can be efficiently done by one trained rrporter and one clerk. Where the offices are so staffed, relief help must be available when the reporter is on annual leave or is ill. There are now at least 18 livestock reporting offices which require relief assignments for periods of at least four weeks each year. There is not sufficient technical personnel to report adequately the markets at which offices are now established and also provide the required relief help.

Plan of Work: Three trainees and one relief reporter would be employed to provide uninterrupted market news service during periods of extended leave of regular employees. The reporter would be headquartered at Indianapolis, Indiana, to assist there during periods of seasonally heavy marketing and would serve as relief reporter at the six one-man offices located east and south of that point. The three trainees would be assigned at markets where there is a sufficient volume of livestock to allow them to gain experience in live grading and market reporting.

They would then be qualified to assist at one-man offices whenever necessary. The need for relief reporters in the four one-man offices in the Southwestern and Plains area could be met by the "roving" reporter who would be employed under the plan for reporting direct sales of cattle in the Southwest and Plains area, or discussed above.

(2) An increase of $144,680 composed of:

(a) An increase of $132,710 to provide a reporting service on truck shipments of fruits and vegetables, formerly conducted on a pilot basis under the Research and Marketing Act, and for improving and expanding truck receipts service on fruits and vegetables.

Need for Increase: One of the most acute problems in connection with market news on fresh fruits and vegetables is the lack of adequate information on truck shipments. Information on daily movement of commodities, by State of origin, is now being gathered for commodities shipped by rail and boat, direct from transportation agencies which have highly organized systems for rapidly tabulating and reporting their movements. Produce trucking, on the other hand, is still largely unorganized, and operated by many small operators some of whom do not maintain offices or such records as could be used in a national system of current reporting. It is estimated that for the country as a whole one-third to one-half the volume of fresh fruits and vegetables marketed are shipped by truck.

Obviously, reports now provided covering rail and boat shipments are not complete; they must be supplemented by similar information on truck shipments if the fruit and vegetable producer and the fruit and vegetable trade are to have adequate information on the total movement of these commodities and information as to the best time and place to market their produce.

Another problem is in connection with the service now provided on truck receipts of fresh fruits and vegetables at a number of the larger terminal markets. To improve the service where necessary and to initiate the service in other markets, additional technical employees would be necessary.

Research into methods of collecting and reporting truck shipment data on a current basis was started under RMA authority in January 1949. Early work was concentrated on fresh strawberry movement in Fla., La., Ark. and principal strawberry states northward as far as Mich. and New York. Later, methods of reporting movement of other major commodities in principal producing sections were tested. Work is now being conducted in Arizona and California. Results so far has shown that for the majority of commodities in the major producing areas truck shipment data can be collected.

Sources of data are inspection agencies, road passing and quarantine stations, reports required in operation of certain marketing agreements, officials or managers of organized shipping point markets, and individual producers, shippers, and receivers. In many sections the principal

problem is establishment of an operating organization to quickly collect and assemble data which may now be available but is scattered and unassembled. By the close of the current fiscal year it is anticipated that sufficient background data on methods of operation will be available so that the work can proceed on a regular service basis in 1951 in certain areas.

Plan of Work: Under the proposed increase, trained fruit and vegetable reporters would be stationed at strategic points throughout the country where they would gather truck movement data on a current basis from principal producing centers. The information would be obtained by telephone, telegraph and personal contact from shippers, marketing agreement agencies, State and Federal inspection agencies, centralized markets, road guard passing points and any other agencies able to provide the needed data. This would entail considerable travel and communication expenses as the trucking industry is not highly centralized as is the rail or boat transportation industry. The necessary information would be transmitted to Washington by the fastest means of communication available. The Washington office would then consolidate all reports, to show total movement of each commodity reported, by State of origin, and would release it over the leased wire to newspapers, radio stations and other interested individuals or agencies.

To provide more adequate local service and intensified truck receipt coverage on fruits and vegetables, additional personnel would be stationed in each of the following eight cities: Chicago, Boston, San Francisco, Denver, Detroit, St. Louis, Seattle and Pittsburgh. With this additional assistance, the present service in these offices would be made more complete and reports would be issued earlier in the day than heretofore which would benefit both seller and buyer.

(b) An increase of $11,970 for reporting the fruit and vegetable markets at Washington, D. C., and Humboldt, Tennessee

Need for Increase: The fruit and vegetable market in Washington, D. C., serves a metropolitan area of over one million people. Annual rail unloads of major fruits and vegetables are approximately 7,200 cars and truck shipments of 7,000 carlot equivalents. Service at this market was discontinued in August 1947 due to insufficient funds. Farmers, industry groups and State marketing agencies in adjacent States and generally throughout the Southeast, have requested that the service be reestablished.

A partial news service, operated during the marketing season and financed entirely by the State of Tennessee, is now operated at Humboldt covering the Western Tennessee vegetable producing area. Production of cabbage and tomatoes in this area shipped during 1948 totalled about 1,650 cars by rail and the equivalent or more by truck. Federal cooperation in this area in the reporting of f.o.b. conditions and prices to competitive areas would assist in better controlling over-all marketing of the cabbage and tomato crops.

Plan of Work: To provide for reporting the fruit and vegetable market at Washington, D. C., one technical employee and one clerk would be required in Washington. To provide federal cooperation at Humboldt, Tennessee one technical and one clerical employee would be required for three months each year during the vegetable marketing season.

(3) An increase of $70,540 under the project "Dairy and poultry products" composed of:

(a) An increase of $20,315 for improving the service on poultry and eggs at Des Moines, Iowa, and for initiating service on poultry and eggs and expanding the dairy service at Madison, Wisconsin.

Need for Increase: Daily reports on live poultry and eggs are urgently needed at Des Moines, Iowa. The present biweekly service is inadequate and lacks timeliness for maximum use. Iowa is the heaviest egg-producing State and among the heaviest poultry-producing States. Most of the production is a part of general farming enterprise. Iowa eggs bought by country buyers operating in practically every part of the State move to all of the principal terminal markets in the United States.

Buying of live poultry is on a similar competitive basis. Timely daily market reports, including buying prices on a grade basis, would place producers in a more advantageous postion for marketing their product.

The service at Madison, Wisconsin should be expanded to enable the reporting of f.o.b. assembly point price information on eggs and prices of live poultry f.o.b. assembly point.

Wisconsin is situated near the center of a leading distribution and storage area, and while poultry and egg production is not quite so important as in Iowa, large volumes of poultry products are bought in the State and moved to outside terminal markets. Wisconsin leads in dairy production, and the dairy market news service which is now limited to certain types of cheese and dry milk should be expanded to include other major dairy products. A Federal-State agreement is already in effect under which additional service on poultry and dairy products could be provided.

Plan of Work: Increase in communications funds for Des Moines would be used to issue daily reports on poultry and eggs. One technical employee and one clerk would be stationed at Madison. Some additional Washington supervision would be necessary in connection with this work.

(b) An increase of $50,225 for improving and expanding the service on dairy and poultry products.

Reporting of prices of dairy and poultry products which reflect country and shipping point buying has not kept pace with the growth in that method of marketing these commodities. Information of this type should be expanded to include areas adjacent to Cincinnati, Cleveland, Detroit, Los Angeles, and Seattle. Reporting of live and dressed poultry prices at Chicago should be improved and expanded in keeping with the increasing importance of that market as an outlet for products from widespread producing areas.

Plan of Work: For expansion and improvement of service at seven cities located in important dairy and poultry producing areas as follows: (a) Additional technical and clerical personnel would be required at Los Angeles, Chicago, and Seattle, to round out the service on dairy and poultry products now being provided at these points; (b) Increased funds for communication costs to cover increased toll charges and other expenses necessary to expand local coverage and initiate country buying and shipping point reports at Cincinnati, Cleveland, and Detroit; (c) Additional personnel at Washington, D. C. for over-all administrative supervision and assistance to provide reports that more adequately meet the needs of farmers; (d) Additional funds for increased travel and communication costs in connection with the expansion and improvement of the broiler report initiated in 1947.

(4) An increase of $21,465 under the project "Grain, hay, feed, seed, rice, hops, and beans" composed of:

(a) An increase of $13,065 for service on dry edible beans in the intermountain States.

Need for Increase: Producers of dry edible beans are faced with a major adjustment problem resulting from increased production to meet wartime demands. The intermountain area of the West comprised of the States of Colorado, New Mexico, Arizona, Utah, Wyoming, Montana, western Nebraska, and Idaho accounts for approximately one-third of the total value of dry edible beans sold in this country. These producers are now without the information on supply, distribution, stocks, and prices which they need in order to market their crops most profitably and to make the necessary adjustments in production.

Plan of Work: An office would be established at Denver, Colorado to provide service on dried beans in the intermountain states. One technical and one clerical employee would collect and disseminate information on supply, distribution, stocks, and prices of dried beans.

(b) An increase of $8,400 for improving and expanding the service on grain products.

Expansion in grain production in Maryland, Pennsylvania, Virginia, Kentucky Tennessee, North Carolina, Mississippi and Alabama during recent years and the problem of adjusting this to expanded feed requirements in this area has created a need for grain and feed market news service. To make the local market news effective, additional material from the national office is required and has been requested by the states. This information would be supplied from Washington, D. C. through the Federal service and relayed to states cooperating under Federal-State agreements. The Federal service also provides technical assistance to States in relating the National data to local conditions.

(5) An increase of $14,565 to place on a full-year basis in 1951 pay adjustments under P. L. 429 which were in effect for only a part of the fiscal year 1950.

STATUS OF PROGRAM

Current Activities: This service assists farmers in receiving equitable prices and aids in preventing waste from local surpluses by providing timely and reliable market news.

Current Volume and Scope of Market News Service: The demand by growers, shippers, dealers and other for news reports was met by:

1. The distribution of more than 28,000,000 mimeographed reports during fiscal year 1949 as compared with 26,000,000 released in 1948.

2. The broadcasting of market news programs daily over 1,147 different radio stations without cost to the Federal Government, the number of daily broadcasts ranging from 1 to 14 for each station.

3. The regular reprinting of reports in 1200 daily newspapers during the year and in many weekly, semi-monthly and monthly farm papers.

4. The dissemination of selected reports by all large press wire services.

Market news activity for 1949 is indicated in the following table by commodity groups.

Commodity Group	Number of Field Offices	Number of Buyers and Sellers Interviewed	Number of Radio Stations Broadcasting Reports	Mimeographed Releases to Growers, Shippers, Dealers and Others	Number on Mailing List
Livestock, Meats and Wool	32	4,500	1,031	7,031,100	23,875
Fruit and Vegetable:					
Permanent	22	1,900			
Seasonal	28	800			
Total	50	2,700	549	10,626,000	66,300
Dairy and Poultry Products	28	1/ 2,700	787	9,000,000	14,516
Grain Products	7	2/	600	1,218,298	48,552
Cottonseed	3	3/ 150	243	350,000	12,093
Cold Storage	None	4/ 1,800	None	5/ 36,000	2,056

1/ Includes all respondents, such as stores, truckers and railroads.
2/ Data not available.
3/ During marketing season (usually August through January) 2,500 or more gins report prices on cottonseed.
4/ Information supplied by operators of cold storage warehouses.
5/ In addition to these releases, dealing solely with cold storage holdings, the cold storage information is included in many of the commodity market news releases which give it a circulation of about 316,000 copies.

Cooperative Agreements Expand Coverage: Cooperative agreements (which specify the services to be rendered) have been entered into with 31 States and the Territory of Hawaii as shown in the following table. Although States are not required by law to assist in financing this program, their funds and services contributed make possible a more extensive service than could otherwise be conducted.

Federal-State Cooperative Agreements, Fiscal Year 1949

Cooperating State	Commodity Group			
	Livestock, Meats & Wool	Fruits and Vegetables	Dairy and Poultry Products	Grain and Feed Products
Alabama	X	X	X	X
Arizona	-	X	-	-
Arkansas	-	X	X	-
California	X	X	X	X
Delaware	-	-	X	-
Florida	X	X	-	-
Georgia	-	X	-	-
Idaho	-	X	-	-
Iowa	X	-	X	X
Kentucky	X	X	X	X
Louisiana	X	X	X	X
Maine	-	X	-	-
Maryland	X	X	X	X
Michigan	-	X	X	-
Minnesota	X	X	-	-
Mississippi	-	X	X	X
New Jersey	-	X	-	-
New York	-	X	X	-
North Carolina	X	X	X	X
Ohio	-	X	X	-
Oklahoma	-	X	-	-
Oregon	-	X	X	X
Pennsylvania	-	X	-	-
South Carolina	-	X	-	-
Tennessee	X	X	X	X
Texas	X	-	-	-
Utah	X	X	X	X
Virginia	-	X	X	X
Washington	-	-	X	-
West Virginia	-	X	-	-
Wisconsin	-	X	X	-
Total States	12	27	19	12
Territory of Hawaii	-	X	-	-
Total Agreements	12	28	19	12

Additions, Changes and Specific Improvements in Service in 1949

1. Institution of service at additional points

a. Memphis, Tennessee - Reporting of livestock market information at two public markets in Memphis was initiated in August, 1948. Requests for the furnishing of such information in that area

came originally from Mississippi. Since there is no terminal livestock market in Mississippi, the office was established at Memphis where pertinent data is disseminated covering both local and National livestock markets. Benefits are already evident in the more stable local market which results from the early morning availability of complete information covering price trends and price quotations at outside markets.

b. Jackson, Mississippi - In October 1948, a market news service was initiated at the new Farmers' Central Market at Jackson. Under cooperative agreement with the Mississippi State Department of Agriculture daily mimeographed reports are issued carrying supply, movement, price and other market data on fruits, vegetables, eggs and poultry collected at local and National markets.

2. Improvement of service at existing points

a. Louisville, Kentucky - Leased wire service was expanded at Louisville to provide current market information on livestock prices and supplies on Midwestern markets.

b. Florida - Service in Florida expanded the coverage of livestock auction markets in that State, relaying the information through the Thomasville, Georgia office.

c. Boston, Massachusetts - Dairy and poultry service at Boston instituted daily price reports on live poultry, f.o.b. farm and f.o.b. processing plants, in the New England area adjacent to Boston.

3. Increased State cooperation other than that provided in new offices

a. Florida and Alabama - Provided additional State funds to expand and improve the program in those States covering livestock markets.

b. Washington - An agreement entered into late in the fiscal year 1949 provided for State contribution of 18,000 in the fiscal year 1950 toward the cost of the fruit and vegetable and dairy and poultry service now being carried on at Seattle and Yakima. This will permit these offices to issue more complete reports.

c. Georgia - State agreed to pay one-half of the cost of fruit and vegetable seasonal offices at Macon and Cordele.

d. South Carolina - National leased wire service was extended to the Columbia office of the State Market Division, expenses to be paid by State.

4. Other changes

a. Crystal Springs, Mississippi - Seasonal reports on fruits and vegetables previously issued at Crystal Springs were disseminated from Jackson.

b. Anna and Centralia, Illinois - Seasonal offices (conducted on a reimbursable basis in 1948) were not operated in 1949 due to withdrawal of State funds.

c. Grand Forks, North Dakota - Seasonal office was not operated in 1949 due to withdrawal of State funds which were bearing about one-half of the cost of that office.

d. Jacksonville, Laredo and Corpus Christi, Texas - Seasonal offices were not operated in 1949. In 1948 the State contributed a substantial amount of funds for the operation of the Weslaco seasonal office. No State funds, however, were made available in 1949. Federal funds released by the discontinuation of the service at Jacksonville, Laredo, Corpus Christi and Grand Forks were utilized to continue the service for the entire season at Weslaco which is nationally important in the marketing of citrus fruits and fresh vegetables.

e. A report of tree nuts in cold storage was initiated in 1949 showing current holdings of tree nuts by kinds. It is planned that a similar report will be made as of July 1 each year at which time holdings of nuts in cold storage are at their peak.

Expansion and Improvements in Service during 1950

The increase provided in the 1950 Agricultural Appropriation Act for expansion of the market news service in seven States was made available "on the condition that local contribution shall be required toward the cost of the news service on a basis equal to the amount contributed locally on the average of the market news service stations throughout the country". Based on preliminary estimates, local contributions under cooperative agreements constituted about 15% of the total cost of the market news service during 1949.

The additional services have been, or will soon be provided at points in seven States as follows:

1. Alabama - Under an amended cooperative agreement with the State, a fruit and vegetable reporting service was initiated at Birmingham September 15, 1949. The State of Alabama is contributing approximately 26 percent of the cost of the service in this city.

2. Arkansas - Under cooperative agreement with the State a fruit and vegetable service was initiated at Little Rock on September 15, 1949 and one on dairy and poultry products was begun at Fayetteville on October 3, 1949. The State will contribute approximately 30% of the total cost of this service.

3. Georgia - Expanded livestock service to cover the Northern part of the State will be provided in the near future, probably from Atlanta, when current negotiations with the State are completed.

4. Indiana - A livestock service was initiated at Evansville, Indiana on October 3, 1949. This is an interstate market and is more important in the marketing of livestock from neighboring States than from Indiana. Because of this and the fact that approximately 25 percent of the year had elapsed before the agreement could be consummated, the local contribution for this year will consist of the furnishing by the State of Indiana of office space which constitutes about 6 percent of the total cost of the office.

5. Kentucky - A service on fruits and vegetables was begun with the issuance of reports from Frankfort on September 15, 1949 and on dairy and poultry products from Louisville beginning September 26, 1949. The State is contributing a minimum of 50 percent of the cost of this service.

6. New York - Beginning July 18, 1949 and continuing approximately six months, reports on fruits and vegetables are being issued at Riverhead, Long Island, New York. The State of New York is contributing about 35% of the cost of this service.

7. Oklahoma - Livestock reports have been issued from Tulsa since October 31, 1949. Under the arrangement made with Oklahoma, the State has agreed to contribute about 15 percent of the total cost of this office.

In six States where service has been initiated in fiscal year 1950, 28 percent of the cost of that service is being borne by the States as compared with the estimated 15 percent average contribution for all States in 1949.

In addition to the above expansion, a service on peaches from Palisades, Colorado was provided during the peach marketing season (August 10 - September 10). The State of Colorado contributed approximately 50 percent of the cost of this service.

(j) Market Inspection of Farm Products

Appropriation Act, 1950	$758,000
Transferred from "Removal of surplus agricultural commodities, Department of Agriculture", for increased travel costs	8,000
Anticipated transfer from "Supply and distribution of farm labor, Department of Agriculture", for P. L. 429 pay adjustment costs	12,500
Base for 1951	778,500
Budget Estimate, 1951	782,800
Increase (to place on a full-year basis in 1951 pay adjustments under P. L. 429 which were in effect for only a part of the fiscal year 1950)	+4,300

PROJECT STATEMENT
(Amounts Shown Include Pay Adjustment Costs)

Project	1949	1950 (estimated)	Increase, P. L. 429 Adjustment	1951 (estimated)
1. Inspection and certification of fresh and processed fruits and vegetables	$507,979	$524,290	+$3,110	$527,400
2. Grading and certification of dairy and poultry products	77,337	75,290	+250	75,540
3. Inspection and certification of rice, hay, beans, peas, seed, hops, and miscellaneous agricultural commodities	56,636	55,330	+460	55,790
4. Grading and certification of meats and wool	28,125	88,280	+340	88,620
5. Inspection of cottonseed .	34,479	35,310	+140	35,450
Total pay adjustment costs under Public Law 429	[- -]	[12,500]	[+4,300]	[16,800]
Unobligated balance	95,234	- -	- -	- -
Total available	799,790	778,500	+4,300	782,800
Transfer in 1950 estimates from "Printing and Binding, Department of Agriculture".	-51,290	- -		
Transferred from:				
"Removal of surplus agricultural commodities, Department of Agriculture".....	- -	-8,000		
"Supply and distribution of farm labor, Department of Agriculture"	- -	-12,500		
Total appropriation or estimate	748,500	758,000		

STATUS OF PROGRAM

Current Activities: The purpose of this item is to provide upon request, for a specified fee, an impartial inspection and grading service for farm products on the basis of U. S. Standards as to class, quality and condition so that:

1. Producer prices will reflect premiums or discounts according to quality of the product.

2. Producers and dealers can move to each market or outlet the grade of product desired.

3. Production of higher quality products will be encouraged resulting in increased farm income.

4. Settlement of disputes among buyers, sellers, carriers and others can be facilitated by use of the inspection certificate.

Most of the work is performed under cooperative agreements with States or private agencies. Inspections are made and certificates issued by inspectors or graders who are either federally employed or federally licensed. Licensees are trained and supervised by Federal supervisors. Activities are conducted along five commodity lines:

1. Fruit and vegetable inspectors examine produce at receiving markets and shipping points for commercial, public, and private agencies; special type of service (continuous factory inspection) is rendered at canning plants and at processing plants for frozen, dried, and dehydrated products.

2. Dairy and poultry products are inspected and graded for commercial firms or government agencies at terminal markets, public warehouses, and processing plants.

3. Rice, hay, beans, peas, seed, and hops are inspected at terminal markets and in producing areas; miscellaneous agricultural commodities are examined for compliance with contract specifications; and flaxseed and soybean samples are chemically analyzed to determine oil content and quality, and iodine number.

4. Meats at packing establishments are identified as to grade by applying official stamp on fresh and frozen meat, cured or manufactured meat, and meat products. Samples of wool are tested to determine shrinkage.

5. Cottonseed is graded based on a chemical analysis of samples drawn at cottonseed crushing mills.

Revenue and Financing

1. Funds available

a. Funds available to defray the costs of the service vary with the volume of service performed. Fees collected for the service are used to pay a large part of the expenses of the inspection work.

b. Funds Made Available to Defray the Inspection Expenses
Fiscal Years 1946-1949

Source	Fiscal Year 1946	1947	1948	1949
Market Inspection of Farm Products:				
Direct Appropriation	$542,000	$596,000	$712,000	$748,500
Reimbursements	243,679	223,436	486,866	621,448
Trust and Working Funds 1/ ...	7,587,073	6,171,680	5,125,447	5,450,050
Total funds available for obligation 1/	8,372,752	6,991,116	6,324,313	6,819,998

1/ Excludes Naval Stores

2. Net Cost of Service

a. Certain items of revenue other than the earnings used to defray expenses are deposited to "Miscellaneous Receipts" of the Treasury. The net cost of this program in 1949 to the taxpayer was $232,330 or only 3.4% of the total cost of the program.

b.

Total Cost of Inspection and Grading Programs by Source of Funds and Extent of Cost of Program to Taxpayer
Fiscal Years 1946-1949

Fiscal Year	Cost of Inspection and Grading Program: Total	Paid from Revenue Earned: Reimb. to Approp.	Paid from Revenue Earned: Trust Funds	Paid from Revenue Earned: Total	Paid from Approp.	Deposits in Treasury: Direct	Deposits in Treasury: Transfers from Trust Fund	Deposits in Treasury: Total	Net Cost to Taxpayer	% of Total Cost Charged to Taxpayer
	(1) (4 + 5)	(2)	(3) 1/	(4) (2 + 3)	(5)	(6)	(7)	(8) (6 + 7)	(9) (5 - 8)	(10) (9 ÷ 1)
	$	$	$	$	$	$	$	$	$	
1946	7,481,964	243,679	6,703,004	6,946,683	535,281	361,975	104,000	465,975	69,306	0.9
1947	7,226,222	223,436	6,413,496	6,636,932	589,290	428,604	84,000	512,604	76,686	1.1
1948	6,303,025 2/	486,866	5,124,379	5,611,245	691,780 2/	367,091	94,624	461,715	230,065 2/	3.7
1949	6,796,186 3/	621,448	5,470,182	6,091,630	704,556 3/	361,150	111,076	472,226	232,330 3/	3.4

1/ Excludes Naval Stores program

2/ Includes obligations of $65,035 incurred for non-recurring equipment purchases to initiate new services and $49,039 comparative transfer from "Printing and binding, Department of Agriculture".

3/ Includes $51,290 comparative transfer from "Printing and binding, Department of Agriculture".

3. Inspection Rates

a. Inspection rates are changed from time to time as necessary in order to provide revenue "as nearly as may be possible to cover the cost of the service".

b. Major revisions and additions in rates, fiscal year 1949:

Commodity Group	Approximate Change	Date Effective
Revisions:		
Processed fruits and vegetables	10% increase	9-16-48
Seed verification	1 cent increase per 100 lb. (33%)	7- 1-48
Fresh fruits and vegetables (receiving market)	20% increase	1-20-49
Meats	30 cents per hr. (11%) increase	2- 1-49
New services for which fee rates were established:		
Wool testing	$35-$60 per lot depending on bags or bales in the lot	6-24-48
Oilseed testing for oil quality and content	$1 to $4.50 per lot, depending on service requested	3-14-49

Examples of recent progress and trends:

Trend and Volume of Service:

1. As expected under a permissive service, the volume of inspection performed fluctuates for individual commodities from year to year depending on the production, supply, demand (both foreign and domestic), prices, and procurement activities of federal agencies. Except for meats graded, seed verifications and miscellaneous commodity inspections, there was, generally, an increase in volume of commodities inspected and graded during fiscal year 1949.

2. Volume of Inspections and Gradings, by Commodity Groups, Fiscal Years 1947-49

Commodity Group	Fiscal Year 1947	Fiscal Year 1948	Fiscal Year 1949
Fresh Fruits and Vegetables (car or carlot equivalents):			
At receiving markets	80,405	121,065	127,602
At shipping points	890,786	870,382	1,003,730
Total carlots	971,191	991,447	1,131,332
Processed Fruits & Vegetables:			
Canned products (cases) ...	82,032,031	88,348,430	91,323,091
Frozen, dried and miscellaneous (lbs)	568,203,249	1,058,578,144	1,287,535,756
Marine Products, Canned (cases)	2,449,400	172,786	553,013
Dairy Products:			
Butter, cheese, dry skim milk, butter spreads and oils (lbs)	681,117,497	558,174,963	1,070,559,887
Evaporated milk (cases) ...	8,164,523	5,021,478	3,751,298
Poultry Products:			
Shell eggs (cases)	12,633,547	14,263,920	13,157,032
Processed eggs (lbs)	895,944,309	381,195,601	635,619,267
Poultry (lbs)	476,529,357	527,969,937	602,935,117
Grain Products:			
Rice, beans and peas (110 lb bags)	44,765,557	26,383,543	25,081,480
Hay (tons)	256,830	70,792	86,948
Hops (bales)	267,821	256,701	259,264
Seed inspection, verification and reverification (lbs)	71,967,426	66,418,047	46,006,989
Oilseeds (samples tested) ..	- -	- -	5
Miscellaneous commodities (certificates issued) ...	48,272	62,273	33,181
Meat and Meat Products (lbs):			
Beef	4,469,670,000	2,351,147,165	2,138,501,156
Veal and Calf	556,514,000	179,536,911	115,829,960
Lamb and Mutton	452,781,000	171,138,194	118,607,049
Miscellaneous Total	217,952,000	185,906,933	98,274,439
Total	5,696,917,000	2,887,729,203	2,471,212,604
Wool (samples tested)	- -	- -	105
Cottonseed (samples analyzed)	111,371	126,717	155,521

Some highlights in specific commodity fields of the statistics reflected in the above table are:

1. Fresh and Processed Fruits and Vegetables:

   a. The 1.1 million carlots of fresh products inspected was nearly a 15 percent increase over the preceding year and is a continuation of the trend over the past several years.

   b. Commercial inspections at shipping point -- representing 75% of the total -- reached a new record high. It increased 13% over 1948 and was nearly double the prewar level.

   c. Measured in terms of quantities, 17% more processed fruits and vegetables were inspected during 1949 than in the previous year. Nearly 275 million more pounds of dehydrated products were inspected largely as a result of the program for conversion of potatoes into potato flour for delivery to the Army.

   d. Continuous factory inspection reflected a decrease of 4 in the number of plants approved but the total units packed under this type of service increased nearly 20%. The quantity of frozen products inspected increased about 1/3.

2. Dairy and Poultry Products:

   a. Volume of dairy products graded in 1949 nearly doubled in comparison with 1948 and was the largest since fiscal year 1944.

   b. Continuous inspection service was carried on in 1949 at 34 dairy products processing plants. This program, initiated upon request in 1947 on cheese -- now covers butter, dry skim and evaporated milk, in some plants.

   c. More poultry is being graded and individually identified with wing tags.

   d. Labeling of shell eggs in consumer cartons has expanded to most of the States in which egg grading programs are active.

3. Rice, Hay, Beans, Peas, Seed, Hops and Miscellaneous Agricultural Commodities:

   a. The total number of inspections performed -- based on certificates issued -- was nearly 25 percent less than in 1948 due principally to the smaller volume of flour, cereals and soy products inspected for delivery on government contracts and the smaller production of peas and alfalfa seed.

   b. At the request of growers, inspection service was extended to green hops for the first time. This serves as a guide to growers in curing and baling their hops in uniform quality lots.

c. The number of rice inspections increased about 15% over 1948 although the aggregate volume of rice inspected remained about the same as in 1948. Practically all of the increase represented inspections of milled rice for grade. There was evidence of increased interest in inspection of parboiled milled rice.

d. Oilseed testing service to producers and others for determining oil content and oil quality of flaxseed, soybeans and other oilseeds was made available in March, 1949. The tests are made, upon request, for specified fees at laboratories located at Peoria, Illinois; Minneapolis, Minnesota; and Beltsville, Maryland. This service complements the work of both the official grain inspection service and that of commercial oil testing laboratories. By the initiation of this service, the government stands ready to provide an official testing and certification service which is also available as a referee service for private laboratories engaged in oilseed testing.

4. Meats and Wool:

a. The meat grading organization was further adjusted -- although to a much lesser degree than in prior years -- in line with shifts in demand for the service and with revenue available from the service. As of June 30, 1949 there were 206 technical employees in 93 grading offices compared with 218 at 100 stations a year ago. The volume of meat graded declined about 15% due mainly to a continued short supply of meats in the better grades popular with consumers and fewer requests from industry for grading and stamping meats in the lower grades. The substantial decrease in examination of miscellaneous products resulted from smaller purchases by the CCC. A substantial increase in total meats graded in the last six months over the previous six months period has resulted from the initiation in 1949 of consumer programs and wide dissemination of information on the use and meaning of Federal meat grades and their official markings.

b. Wool core testing service on a fee basis has been made available to producers. This service, however, did not begin until the bulk of the domestic clip had been marketed. A substantial increase in the requests from producers for this service is expected in 1950. Based on bids received from commercial laboratories equipped to test wool samples for shrinkage determination, a contract has been made with a commercial concern to make laboratory analyses of samples as requested by the Department.

5. Cottonseed:

Certificates were issued reflecting the grade of about 4,000,000 tons of seed, or approximately 74% of the crop last year. This was a 25% increase over the volume covered by grade certificates the previous year and resulted primarily from the large production in 1948.

(k) Marketing Farm Products

Appropriation Act 1950	$1,152,500
Transferred from "Removal of surplus agricultural commodities, Department of Agriculture" for increased travel costs	15,200
Anticipated transfer from "Supply and distribution of farm labor, Department of Agriculture" for P. L. 429 pay adjustment costs	20,700
Activities transferred in 1951 estimates to "Salaries and expenses, Human Nutrition and Home Economics, Agricultural Research Administration" for coordinating nutrition services	-30,300
Base for 1951	1,158,100
Budget Estimate, 1951	1,187,000
Increase	+28,900

SUMMARY OF INCREASES, 1951

For strengthening the cotton fiber testing service	+21,145
To place on a full year basis in 1951, pay adjustments under P. L. 429 which were in effect for only a part of fiscal year 1950	+7,755

PROJECT STATEMENT
(Amounts Shown Include Pay Adjustment Costs)

Project	1949	1950 (estimated)	Increases: P.L.429 Adj.	Increases: Other	1951 (estimated)
1. Standardization and marketing research on fresh and processed fruits and vegetables	$75,220	$70,600	+$400	- -	$71,000
2. Standardization and marketing research on livestock, meats, and wool	84,685	68,900	+500	- -	69,400
3. Standardization and marketing research on dairy and poultry products	98,135	109,400	+650	- -	110,050
4. Standardization and marketing research on grain, rice, beans, peas, hay, seeds, and hops	131,525	141,500	+900	- -	142,400
5. Standardization and marketing research on cotton and cotton seed	438,775	416,450	3,255	+$21,145 (1)	440,850

Project	1949	1950 (estimated)	Increases P.L.429 Adj.	Increases Other	(estimated)
6. Research on transportation and packing and packaging	14,120	13,000	+100	- -	13,100
7. Freight rates for farm products	136,300	191,850	+1,000	- -	192,850
8. Obtaining adequate market, storage, and transportation facilities	58,445	55,800	+300	- -	56,100
9. Food production and marketing assistance	87,619	90,600	+650	* -	91,250
Unobligated balance	23,505				
Total pay adjustment costs, Public Law 429	(- -)	(20,400)	(+7,755)	(+1,145)	(29,300)
Total available	1,148,329	1,158,100	(2) +7,755	+21,145	1,187,000
Transfer in 1950 estimates from "Printing and binding, Department of Agriculture"	-19,260	- -			
Transferred to "Salaries and expenses, Office of Information, Department of Agriculture"	+124	- -			
Transfer in 1951 estimates to "Salaries and expenses, Human Nutrition and Home Economics, Agricultural Research Administration"	+24,507	+30,300			
Transfer from:					
"Removal of surplus agricultural commodities, Department of Agriculture"	- -	-15,200			
"Supply and Distribution of farm labor, Department of Agriculture"	- -	-20,700			
Total appropriation or estimate	1,153,700	1,152,500			

INCREASES

The increase of $28,900 in this item for 1951 is composed of the following:

(1) Increase of $21,145 under the project "Standardization and marketing research on cotton and cotton seed" to expand the cotton fiber and spinning testing service.

Need for Increase: The Act of April 7, 1941 (7 U. S. C. 473d) authorizes a service for testing and measuring properties of cotton fibers to aid breeders and others in the development and increased use of improved varieties of cotton. Tests made are for fiber strength, length and length uniformities, fineness and maturity, and also include small scale spinning and weaving tests which are made on commercial type textile machines.

The highly competitive conditions now prevailing with respect to synthetic fibers in the domestic markets and foreign grown cotton in world markets, have sharpened the interest in cotton quality improvement on the part of cotton producers, cotton breeders and other segments of the cotton industry. This has resulted in a substantial increase in the number of samples of cotton submitted to the Department for fiber and spinning tests during the last two years. The demand for these testing services is now considerably in excess of the volume of testing that can be performed under the available funds. Equipment generally has been adequate, but funds will not permit the employment of additional laboratory aides necessary to perform the increased volume of tests. Because of this fact it has been necessary to discourage the submission of samples in order to avoid an undue accumulation of samples and to provide reasonably prompt service for those submitted. During the 1949 fiscal year 54,507 tests were made which is an increase of 40% over 1948. This increase would have been still larger if facilities had been available.

Basis for the Estimate: The regulations covering the service include 51 tests and combinations of tests. The number of tests which can be performed in any fiscal year depends upon the type of test requested. In recent years there has been a forced trend toward the simpler, shorter tests and less attention has been given to the more complete and time consuming tests, in order to accomodate a greater number of those submitting samples.

The following table reflects by fiscal year, including estimates for 1950 and 1951, the data on volume and cost of the service since 1942 when the service was initiated.

Fiscal Year	No. of tests	Estimated Cost 1/	Average Cost per Test
1942	1,370	$9,023	$6.59
1943	5,460	9,381	1.72
1944	7,451	32,258	4.33
1945	11,696	35,760	3.06
1946	17,937	43,000	2.40
1947	26,385	45,000	1.71
1948	37,842	47,840	1.26
1949	54,507	50,665	.93
1950 (est)	55,000	51,900	.94
1951 (est)	78,000	73,670	.94

1/ Includes testing services for cooperating State and Federal Agencies.

Plan of Work Proposed: The increase of $21,145 would be used to add two laboratory aides at each of three existing laboratories in the field. This would provide facilities so that 23,000 more tests can be performed which will take care of a substantial portion of the tests expected to be requested in 1951.

Revenue: Fees ranging from 50¢ to $52.00, depending upon the nature of the test, are charged for these tests, and deposited to the Miscellaneous Receipts Account of the Treasury. It is estimated that an increase of $21,145 for 1951 will result in the receipts of approximately the same amount in fees for the additional tests performed.

(2) Increase of $7,755 to place on a full-year basis in 1951 pay adjustments under P. L. 429, which were in effect for only a part of fiscal year 1950.

CHANGES IN LANGUAGE

The estimates include proposed changes in language as follows (new language underscored; deleted matter enclosed in brackets):

Marketing farm products: For acquiring and diffusing among the people of the United States useful information * * * as provided by the Act of April 7, 1941 (7 U. S. C. 473d), for carrying out the provisions of section 201(a) to 201(d), inclusive, of title II of the Agricultural Adjustment Act of 1938 (7 U. S. C. 1291),
1 (and for coordinating nutrition services made available by Federal,
2 State, and other agencies,) including not to exceed [$10,000]
3 $25,000 for employment at rates not to exceed $100 per diem, pursuant to the second sentence of section 706 (a), of the Organic Act of 1944 (5 U.S.C.574), as amended by section 15 of the Act of August 2, 1946 (5 U.S.C.55a), and not to exceed $20,000 for transportation and other necessary expenses including not to exceed $10 per diem of persons serving without compensation while
4 away from their homes or regular places of business [; purchase of one passenger motor vehicle for use in the District of Columbia
5 for replacement only; and not to exceed $150 for newspapers], [$1,152,500] $1,187,000: * * *

The first change in language deletes authority under this item for coordination of nutrition services in accordance with the transfer of this function in the fiscal year 1950 to the Bureau of Human Nutrition and Home Economics, pursuant to Secretary of Agriculture's Memorandum No. 1239. This change has been reflected as a transfer in the estimates for fiscal year 1951.

The second and third changes in language increase the maximum amount which may be paid for the temporary or intermittent employment of experts, consultants and organizations, and provides an increase in the salary rate for persons so employed from approximately $50 to $100 per day. The hearings on the 1950 Agricultural Appropriation Bill before the House Agricultural Subcommittee on Appropriations indicated that many of the Department's presentations before the Interstate Commerce Commission on freight rate cases under the authority of Section 201 of the Agricultural Adjustment Act of 1938 were adversely affected by inability to secure the services of qualified experts in this field. Services of such experts are valued by

private industry as high as $150 to $250 per day and, therefore, under existing law cannot be employed in Government. However, discussions with a number of these experts and consultants revealed that they would be willing to accept temporary governmental employment at the proposed rate of not to exceed $100 per day. Present authority under this appropriation item permits the expenditure of $10,000 per year for services at a rate not to exceed $53.84 per day. The proposed change would authorize a per diem rate more in line with commercial rates for such services and increase the maximum amount available for such services during the year to provide for the per diem increase.

The fourth change in language is for the purpose of deleting a non-recurring provision provided in the 1950 Agricultural Appropriation Act for the replacement of a passenger motor vehicle.

The fifth change in language deletes the limitation on purchase of newspapers. Public Law 600, approved August 2, 1946, repealed the former statutory requirements that specific authorization for the purchase of newspapers, books of reference, and periodicals be carried in either substantive legislation or the appropriation act. Therefore, retention of the subject limitation is no longer necessary, and its deletion is proposed to simplify the accounting and auditing work incident thereto.

MARKETING FARM PRODUCTS

Alternate Project Statement

Project	1949	1950 (Estimated)	Increase (+) or Decrease (-)	1951 (Estimated)	1951 RMA Sec. 10b	Total
1. Standardization and marketing research on fresh and processed fruits and vegetables...	$75,220	$ 70,600	+$400	$ 71,000	$51,300	$ 122,300
2. Standardization and marketing research on livestock, meats, and wool.....	84,685	68,900	+500	69,400	5,000	74,400
3. Standardization and marketing research on dairy and poultry products.....	98,135	109,400	+650	110,050	27,600	137,650
4. Standardization and marketing research on grain, rice, beans, peas, hay, seeds andhops	131,525	141,500	+900	142,400	--	142,400
5. Standardization and marketing research on cotton and cottonseed.....	438,775	416,450	+24,400	440,850	3,100	443,950
6. Research on transportation and packing and packaging.....	14,120	13,000	+100	13,100	--	13,100
7. Freight rates for farm products.....	136,300	191,850	+1,000	192,850	--	192,850
8. Obtaining adequate market, storage, and transportation facilities.....	58,445	55,800	+300	56,100	--	56,100
9. Food production and marketing assistance....	87,619	90,600	+650	91,250	--	91,250
Pay adjustment costs.....	[--]	[20,400]	[+8,900]	[29,300]	[2,000]	[31,300]
Unobligated balance.....	23,505	--	--	--		
Total available.....	1,148,329	1,158,100	+28,900	1,187,000	87,000	1,274,000
Transferred to "Salaries and expenses, Office of Information, Department of Agriculture".....	+124	--				
Transfer in 1950 estimates from "Printing and Binding, Department of Agriculture".....	-19,260	--				
Transfer in 1951 estimates to "Salaries and expenses, Bureau of Human Nutrition and Home Economics".....	+24,507	+30,300				
Transferred from:						
"Removal of surplus agricultural commodities, Department of Agriculture"for increased travel costs.....	--	-15,200				
"Supply and distribution of farm labor, Department of Agriculture" for P.L.429 pay costs	--	-20,700				
Total appropriation or estimate.....	1,153,700	1,152,500				

RMA Projects

Financial Project No.	RMA Project No.	Project Title	1949	1950 (Estimated)	Adjustments for 1951: P.L. 429	Adjustments for 1951: Other	1951 (Estimated)
2	27	Research in marketing of livestock and meat.....	--	--	--	+$5,000(a)	$5,000
1	165	Regional marketing research on fruits and vegetables (other than citrus and potatoes).....	$7,300	$22,300	+$200	-7,000(b)	15,500
1	174	Regional marketing research on potatoes.....	12,000	20,200	+200	--	20,400
1	191	Regional marketing research on citrus fruits.....	10,650	13,200	+200	+2,000(c)	15,400
3	198	Regional marketing research on poultry and eggs in cooperation with States.....	19,899	24,300	+200	--	24,500
3	221	Regional dairy marketing research in cooperation with States.....	2,840	3,050	+50	--	3,100
5	228	Regional marketing of one-variety community cotton	4,290	5,150	-50	-2,000(d)	3,100
		Total, RMA.....	56,979	88,200	+800	-2,000	87,000

(a) An adjustment within available funds to provide $5,000 under project 27 "Research in marketing of livestock and meat" to provide for increased activity in connection with PMA's cooperation with the North Central Marketing Committee on this project. PMA's activity under this project falls in two categories: (1) The application of USDA grades to all carcasses and wholesale cuts studied and (2) Consulting and advising with the North Central Marketing Committee on those phases of research concerning the evaluation or development of standards for grade. No funds have previously been provided for this work since the cost has been inconsequential. However, this project has been extended from a beginning at two points to a program including eleven State Experiment Stations. Funds in the amount of $5,000 are therefore necessary to provide for the additional work in 1951.

(b) An adjustment of $7,000 under project 165, "Regional marketing research on fruits and vegetables (other than citrus and potatoes)" to reflect a decrease in the amount of grading and inspection being done under this work project.

(c) An adjustment within available funds to provide an additional $2,000 under project 191, "Regional marketing research on citrus fruits" to permit more emphasis on the study on wholesale margins in marketing fresh citrus fruits being carried on in cooperation with Farm Credit Administration and Bureau of Agricultural Economics.

(d) An adjustment of $2,000 under project 228, "Regional marketing of one-variety community cotton" to reflect a reduction of the activity of PMA in this over-all project which is carried on in cooperation with Bur. of Agric. Econ.

STATUS OF PROGRAM

Current Activities - Under this appropriation, the Department (1) establishes standards for farm products, (2) devises improved distribution methods and techniques, (3) acts to obtain reasonable freight rates for farm products, (4) assists in solution of transportation, storage, and marketing facilities problems, and (5) coordinates and expedites activities of industry and Federal agencies on marketing problems.

Marketing is a major problem of agriculture today. To be efficient, a distribution system must move as large a quantity of products as possible from farm to consumer, and deliver these goods in as good condition as possible with reasonable marketing costs. Changes in general economic conditions, methods of processing, the introduction of new commodities and the appearance of old commodities in new forms, all contribute to making marketing problems continuous and difficult to solve. Standards established under this appropriation have been adopted in every State. These standards constitute the uniform terminology for trading in most agricultural commodities. They are essential to regulatory activities under such Federal laws as the Grain Standards Act, the Cotton Futures Act, the Cotton Standards Act, the Commodity Exchange Act, the Cotton Grade and Staple Statistics Act, the Perishable Agricultural Commodities Act, and the Export Apple and Pear Act.

Activities under this program include:

1. Development and improvement along commodity lines of official quality standards for facilitating marketing transactions, based upon:

   a. Factors affecting desirability or economic value of farm products, such as:

      (1) Readily measurable characteristics such as size, weight, and freedom from defects, and

      (2) Characteristics subject to less precise measurement outside a laboratory, such as color, flavor, body and tensile strength.

   b. Development of new devices and methods for testing farm products for grade determining factors.

   c. Testing of grades under actual commercial conditions.

2. Demonstrations of grade standards and methods for their application.

3. Developing and recommending along commodity lines adoption of improved marketing methods and practices, based upon studies of:

   a. Trends in methods of assembling at shipping point,

b. Trends in methods of processing, storing, and handling,

c. Practices that move products to consumers quickly, efficiently, and in ways that maintain quality longer.

d. Effects of local and State laws on efficient distribution and movement of farm products across State lines.

4. Assisting in assuring reasonable freight rates and in solution of transportation, storage, and marketing facilities problems for farm products, through:

a. Analysis of transportation and marketing developments to determine whether adjustments should be made in transportation rates pursuant to shifts and changes in the volume of goods, competitive situations, and new systems of marketing.

b. Participation in formal and informal proceedings with the carriers, and the Interstate Commerce Commission in obtaining reasonable freight rates, rate adjustments, transit arrangements, etc.

c. Research on improvement of transportation methods, packing, packaging, and wholesale and retail market practices to facilitate distribution and consumption and maintenance of quality.

d. Development of basic principles and improvement of yardsticks for determining proper location, construction, and operation of various types of facilities.

e. Collaboration with other Government agencies, private organizations and individuals to alleviate or avoid shortages of equipment for moving and storing farm products.

Examples of Recent Progress and Trends

Development of Grade Standards: New grade standards are constantly being developed and old ones are being revised to meet the changing needs and demands of the industry. Illustrations of work in this field during 1949 follow:

1. Standards were revised for tangerines, grapefruit, organges, sweet potatoes and white potatoes, to bring requirements up to date with latest industry practices. Additional studies were made on other fruits and vegetables with a view to revising the standards. Some of these were tomatoes, red sour cherries, watermelon, iceberg type lettuce, and citrus products on the West Coast.

2. The official standards for hay and straw providing for a change in color specifications of timothy and timothy clover mixed hay

were revised and work was continued on simplifying grade specifications of various grains in order to make the standards more practical for commercial use.

3. The official soybean standards were revised after formal petitions were received from organized trade associations and a series of hearings had been held. The revised standards are effective September 1, 1949.

4. The beef standards were revised to eliminate the color of fat in determining the grade of beef.

5. The nine present grade standards for live poultry, dressed chickens, dressed turkeys, eviscerated turkeys and chickens, and dressed ducks, geese, guineas and squabs were revised to three proposed grade standards for live, dressed, and ready-to-cook poultry.

6. The veal and calf standards were amended to require separate identification for class as well as for grade. Formerly, veal and calf were considered as one classification for grading purposes which has resulted in much confusion and dissatisfaction in the trade relative to the correct distinction between the two kinds of meat.

7. Development of rapid objective methods for determining average fineness and variability of wool and wool top continued to be a primary objective of a general program for increasing the usefulness of the grade standards. Work is in progress on 12 selected grades of grease wool being measured by several different methods to determine the relationship of one method to another, as well as the best sampling methods. The Department also cooperated with the Quartermaster Corps in testing standards for wool top to be used in making 18-ounce serge under new specifications.

Demonstration Activities and Visual Aids: Demonstration activities and visual aids were developed to promote wider use and more efficient interpretation of grade standards. Some of these activities included:

1. A program for acquainting consumer groups with the Federal grades of meat, and of their importance in connection with intelligent selection of meat for family needs, was initiated in the past fiscal year. Emphasis is placed on teaching consumers to recognize the different grades and the principal characteristics of the meat associated with each grade. This is done through the use of actual retail cuts of meat, and by color slides illustrating the quality factors and other features in meat. This information received wide dissemination through magazines, newspapers and radio. Television programs were used for the first time to demonstrate to the consumer the advantages of the Federal meat grading program.

2. An extensive program was initiated to acquaint packers, selling agencies and others with the revised pork carcass grade standards and their application and use in the purchase and sale of slaughter hogs.

3. During the year 19,540 wool and wool top standards and measuring scales were distributed to interested persons.

4. The color chart "Know the Eggs You Buy" was prepared to increase consumer understanding of the U. S. standards for egg quality. A motion picture film of the same name was produced primarily for television presentation on consumer education programs.

5. Plaster models of the following products were painted and distributed for the use of inspectors:

   Sour cherries to illustrate scars

   Garlic to illustrate discoloration

   Filberts to illustrate shriveling

   Grapefruit to illustrate scars and texture

   Lemons to illustrate shape

   Onions to illustrate shape

   Potatoes to illustrate shape and various defects

   Canning tomatoes to illustrate color and various defects

   Green wrap tomatoes to illustrate shape

6. The successful use of color photography in the preparation of visual aid material on fruits and vegetables was a new development in 1949. Colored photographs illustrating bruising on peaches and water core in apples have been prepared and distributed to inspection offices. Colored photographs illustrating bruising on apples and russeting on apples and color of flesh of watermelons are in the process of preparation for release in the current fiscal year.

7. Live animal grade standards, including cattle, hogs and sheep, were demonstrated and explained at 14 livestock shows and markets during the past year.

Other Standardization and Marketing Research Activities

1. The need for changes in the present system of sampling and grading cottonseed is being studied. The assembling and tabulation of data to determine the relation of the present

system of grading cottonseed to the actual milling outturn of the seed was completed in 1949. The analysis and interpretation of the data and the publication of results will be completed in 1950.

2. Technical specifications have been completed for a colorimeter for automatically measuring the color factors of grade of cotton. A contract for the construction of a working model of the instrument has been made. When the new instrument is delivered (probably 1950) extensive laboratory tests will be conducted to explore the practicability of utilizing the instrument as an aid in routine classification.

3. An extensive series of laboratory tests was conducted during the 1948-49 harvesting season to determine the effect of seed cotton drying treatments employing varying temperatures and periods of drying on the efficiency of cleaning and on the properties of ginned lint. These tests have provided the basic information needed with respect to the limits of seed cotton drying and cleaning with present types of cleaning and drying equipment. The results will provide a basis for definite recommendations to the ginning industry with respect to these processes and will be prepared for publication.

4. Technical specifications for artificial day-lighting for routine cotton classification were completed. A number of large-scale artificial day-lighting installations have been or are being made in accordance with technical specifications for use in connection with the classing activities of cotton mills and cotton merchant firms. Natural day-light conditions are essential in classing cotton for grade because of the visual judgment of minute gradations in the color of lint. The use of satisfactory artificial lighting will make the classing of cotton possible regardless of the condition of natural light.

5. The number of fiber and spinning tests performed for cotton breeders and others continues to increase. In order that some tests could be made for all breeders desiring to use the service, it has been necessary during the past year, because of limited funds, to scale down the volume of testing performed for some applicants and to discourage the submission of large numbers of samples by cotton merchants and textile manufacturers. In 1949, 54,507 tests were performed and $30,271 in fees were collected for deposit to the Treasury compared with 37,842 tests and $27,057 collected in 1948.

6. Testing and improvement of inspection equipment continues to assist in maintaining inspection accuracy at a high level.

   a. About 2,500 individual tests were made to check the results of the equipment used in grading grains with the results obtained on the standard equipment.

b. Periodic and special tests of moisture meters, weight-per-bushel apparatus, sieves, and other types of mechanical equipment used in inspection were made to insure a high degree of efficiency and accuracy in the service.

c. Considerable assistance and advice were given to manufacturers in the development of a new dockage tester. The fourth and final model has been completed and thoroughly tested. This model has demonstrated its ability to give better uniformity in the inspection of grain and, in addition, some separations which previously had to be made by hand sieves. This eliminates a certain amount of personal judgment and will thus narrow the variations in such determinations. This development is very timely since a large portion of the machines now in use is in poor mechanical condition and would have to be practically rebuilt.

d. In obtaining samples of grain being loaded in ships and barges a new type of frame for use with the pelican type sampler has been designed which, when properly tempered, is expected to outlast several of the older types under the most severe sampling conditions.

Obtaining Reasonable and Equitable Freight Rates for Farm Products

1. Actions taken during 1949 fiscal year

a. The Department participated in 52 formal cases before the Interstate Commerce Commission, 42 negotiated cases and 2 court cases. This compares with 138 formal cases and 95 negotiated cases in which the Department participated in 1948. However, the cases participated in during 1949 included some of the most significant in the history of this activity. For instance one case involves the railroads' petition for a general rate increase of 28 to 38 percent to be effective on all freight.

b. No state was affected by less than 23 actions taken and 4 states were affected by 40 or more of these actions.

2. Benefits to Producers

Freight rate increases actually allowed in 1949 for agricultural commodities compared with increases requested reflected an estimated saving of $352,500,000. Actions taken by the Department undoubtedly contributed materially to this saving.

3. Significant Trend

Motor carrier rates are becoming more important to agriculture as more freight is being carried by trucks than ever before.

As an indication of the strides that have been made by the motor carrier industry, there were 7,207,000 trucking vehicles available for service on January 1, 1949 as compared to 4,835,000 on January 1, 1945.

Obtaining Adequate Market, Storage, and Transportation Facilities

1. Frozen Food Facilities - This general study of frozen food facilities, begun in 1947, was completed in June, 1949. A report has been completed which includes descriptions and analyses of methods and facilities used at every stage of frozen food marketing. This study has already met with interest from groups in all types of food industries, and from various colleges and private firms doing marketing research.

2. Market Facilities Research - Studies have been continued during the past year to determine the principles to be followed in planning market facilities. This work was aimed at determining (1) factors that govern the success of wholesale markets for farm products; (2) the most efficient arrangement of railroad track facilities in wholesale markets; (3) proper platform or dock heights; (4) defects and inefficiencies in existing poultry and egg marketing facilities; (5) amount of floor space needed in produce stores to handle specific volumes of commodities.

3. Transportation Facilities - The movement of agricultural commodities continued at a high level during the fiscal year with transportation facilities at some points barely adequate to provide for the safe movement of agricultural commodities. While rail transportation shortages were not as numerous as during recent years, the Department assisted in the relief of many instances of shortages affecting various commodities. In addition, the Department compiles and issues monthly estimates of the prospective movement of fresh fruits and vegetables by areas and by types of commodity in order to help keep sufficient cars available for loading at the right times and places. This service, which was discontinued early in 1948, was renewed later in that year in response to demands for it.

Food Production and Marketing Assistance

1. Work under this project during 1949 was concerned primarily with production and marketing problems in six commodity groups. The formulation of policies and development of programs relating to the production and marketing of agricultural commodities makes it essential to maintain and analyze statistical and economic information in the specific commodity fields. This information and the results of these analyses are required by the Branch Directors and the Administrator of PMA, and the Secretary for consideration of proposed policies and programs and for reviewing existing policies and programs. The information and analyses are also required for the development of proposed legislation and preparing reports on pending bills and serve as the basis for providing information to producers and industry representatives to assist them in making production and marketing plans.

2. The Department continued rendering services for the Interagency Nutrition Planning Committee and coordinated the work of 40 State Nutrition Committees as well as the City Committees in New York and Chicago. Monthly issues of a Nutrition News Letter were distributed to about 3,500 people who are members of the State and local committees or nutrition agencies in the States. Secretary's Memorandum No. 1239 transferred this nutrition coordination function to the Agricultural Research Administration, Bureau of Human Nutrition and Home Economics, effective August 10, 1949.

(1) Tobacco Acts

Appropriation Act, 1950	$1,602,000
Transferred from "Removal of surplus agricultural commodities, Department of Agriculture", for increased travel costs	44,800
Anticipated transfer from "Supply and distribution of farm labor, Department of Agriculture", for pay adjustment costs	25,700
Base for 1951	1,672,500
Budget Estimate, 1951	1,682,100
Increase (to place on a full-year basis in 1951 pay adjustments under P. L. 429 which were in effect for only a part of the fiscal year 1950)	+9,600

PROJECT STATEMENT
(Amounts Shown Include Pay Adjustment Costs)

Project	1949	1950 (estimated)	Increase, P. L. 429 Adjustment	1951 (estimated)
1. Inspection and certification	$1,404,716	$1,478,255	+$8,445	$1,486,700
2. Technical assistance to producers in preparing tobacco for market	55,000	58,125	+385	58,510
3. Market news	113,800	119,600	+670	120,270
4. Stocks statistics, grade standards and export permits	16,260	16,520	+100	16,620
Total pay adjustment costs under Public Law 429	[- -]	[25,700]	[+9,600]	[35,300]
Unobligated balance	36,016	- -	- -	- -
Total available	1,625,792	1,672,500	+9,600	1,682,100
Transfer in 1950 estimates from "Printing and Binding, Department of Agriculture"	-2,092	- -		
Transferred from:				
"Removal of surplus agricultural commodities, Department of Agri." .	- -	-44,800		
"Supply and distribution of farm labor, Department of Agriculture" ...	- -	-25,700		
Total estimate or appropriation	1,623,700	1,602,000		

STATUS OF PROGRAM

Current Activities: The purpose of the Tobacco Acts is to assure tobacco farmers a fair price for their product, in relation to quality and the current market, by providing:

1. inspection services (grading tobacco)
2. market news
3. technical assistance in sorting and preparing tobacco for market
4. standardized grades for tobacco
5. tobacco inventory and statistics reports
6. export permits

Current Activities under the Acts include:

1. Inspection and Market News Services at auction markets: Federal inspection and market news services are provided in the following manner at the auction markets which have been designated by the Secretary of Agriculture for mandatory inspection service after approval by two-thirds of those voting in a referendum of farmers who sell their tobacco at the market:

   (a) Shortly before the sales begin, current price and market news reports are made available to farmers on warehouse floors (which vary in size up to six acres in floor area). Current price information is also made available through the facilities of the press and radio and established mailing lists.

   (b) Immediately before the sales begin, Federal inspectors examine each pile or basket of tobacco and designate the grade of each according to group, quality, color and size. A ticket indicating grade is placed on each pile or basket.

   (c) As the sale begins, a set of buyers follows the auctioneer to each lot of tobacco. The advance distribution of market information enables the farmer to compare bids with the prevailing market price and withdraw his tobacco for resale if the highest bid is not considered adequate. A check of rejections and resales conducted in the past showed increased returns to farmers varying from 21 to 36 percent over the original bid.

2. Technical assistance to farmers in preparing tobacco for market: This assistance includes demonstrations at farms and schools, exhibits at county fairs and farm conventions, and bulletins on the preparation of tobacco for market. Through this assistance the farmer is:

(a) informed of the grade standards applicable to his crop.
(b) taught how to obtain the best grades by sorting the tobacco leaves into groups with like characteristics.
(c) instructed in applying market news reports to the price bid for his tobacco.

School demonstrations, given in cooperation with teachers of vocational education in rural high schools, include:

(a) instruction in and study of typical grade samples.
(b) supplying suitable literature for reference purposes.
(c) special demonstrations for veterans who are engaged in producing tobacco.

3. Establishment of standards in grading of tobacco benefit both producers and tobacco trade:

(a) by providing an incentive to farmers to improve tobacco quality in order to secure better grades and higher prices.
(b) by providing a quality standard against which tobacco buyers may measure the quality of tobacco they wish to purchase.

Examples of Progress and Volume of Activity:

1. Inspection and Certification Service:

(a) Number of Markets and Volume of Tobacco Inspected

	F.Y. 1937*	F.Y. 1943	F.Y. 1944	F.Y. 1945	F.Y. 1946	F.Y. 1947	F.Y. 1948	F.Y. 1949
Total number of markets	136	138	142	145	148	152	153	156
Number of designated markets	20	134	138	141	142	147	151	152
Number of markets inspected .	20	105	103	110	117	147	153	155
Number of sets of buyers 1/ .	26	145	143	147	160	206	217	218
Tobacco inspected at auction markets (1,000,000 pounds) .	169	927	969	1478	1685	2273	2045	1973
Percent of total pounds sold at auctions	15.1	68.3	70.8	77.1	83.5	99.2	98.8	99.9+
Pounds inspected as percentage of 1937	-	549	573	875	997	1345	1210	1167

* First year of operation under Act of 1935.
1/ A set of tobacco graders (averaging three) is required for each set of buyers.

(b) Volume of Inspection of Tobacco by class for F.Y. 1949

Classes of Tobacco	Number of: Auction Markets Inspected	Sets of: Buyers	Pounds Sold	Pounds Inspected	Percent Inspected
Auction Markets:			3/		
Flue-cured	82 1/ 2/	133	1,197,325,195	1,197,086,117	99.9+
Fire-cured	10	13	69,601,805	69,601,805	100.0
Dark air-cured	8	6	34,902,963	34,902,963	100.0
Burley	51 4/	61	632,512,809	632,512,809	100.0
Maryland	4	5	38,666,195	38,666,195	100.0
Total	155 1/	218	1,973,008,967	1,972,769,889	99.9+
Cooperative Marketing Assns.				5/ 174,024,000	
Grand Total				2,146,793,889	

1/ Excludes Ellerbe, North Carolina, designated but not inspected.
2/ Includes Dunn, North Carolina, not designated in F.Y. 1949; (designated July 15, 1949)
3/ Includes 239,078 pounds sold at Ellerbe, North Carolina, and not inspected.
4/ Includes Somerset, Kentucky, and Sparta, Tennessee, undesignated markets.
5/ Includes 5,000,000 pounds Wisconsin cigar leaf, and 12,000,000 pounds of Puerto Rican cigar leaf.

(c) Inspection of tobacco for proposed new sales is being provided for reasonable periods of time, pending a determination as to whether an "auction sale" is established.

2. Market News

(a) Daily and weekly tobacco market news service complements tobacco inspection. Farmers, the trade and others are provided with current average prices by United States grades, and other pertinent market information by types of tobacco. This service enables farmers to know if the price bid for their tobacco is in line with current prices.

(b) Farmers were furnished 860,000 copies of reports directly at the time their tobacco was offered for sale. This was 80 percent of the reports distributed. A fifteen percent decrease in distribution of reports, as compared with the previous year, was attributed principally to the smaller crop and the resultant shorter selling season.

(c) Preparation and distribution of market news reports, fiscal years 1947-1949

	Fiscal Year 1947	Fiscal Year 1948	Fiscal Year 1949
Total reports prepared	1,353	1,453	1,406
Distribution of copies:			
Tobacco markets	1,089,317	1,063,800	860,641
Other (press and radio, mailing lists, demonstration and education)	242,638	199,360	214,973
Total	1,331,955	1,263,160	1,075,614

3. Technical Assistance to Farmers in Preparing Tobacco for Market

(a) Volume of Activity, Fiscal Years 1947-1949

	Fiscal Year 1947		Fiscal Year 1948		Fiscal Year 1949	
	Number	Attendance	Number	Attendance	Number	Attendance
Farm demonstrations ...	1,061	16,371	1,217	27,883	1,578	35,487
Farmers' meetings	278	4,933	301	3,345	658	16,005
School demonstrations .	1,153	37,495	1,697	57,108	1,533	56,454
Farm visits and other contacts	-	1,903	-	1,072	-	1,138
Short courses at agricultural colleges ...	3	713	3	665	3	675
Grading tests held in field	3	40	4	47	3	41
Farmers' bulletins, etc. distributed at demonstrations	61,500	-	85,000	-	76,000	-

(b) Farm demonstrations, for the purpose of instructing farmers in the proper preparation of their tobacco for market, were held during the past year on farms and at other rural points in thirteen tobacco producing states, two more than in 1948.

(c) Farmers' meetings were held at night at rural high schools and other country points to explain to farmers the Federal grades for tobacco and to indicate how these grades, together with tobacco price reports showing current grade averages, can be used to obtain higher prices in selling their tobacco. Through the insistent demand, general throughout the tobacco producing states, for more farmers' meetings, about twice as many meetings, with five times the attendance, were held in the fiscal year 1949 as in the previous year.

(d) School demonstrations, carried out in cooperation with teachers of vocational education in rural high schools, provided for students instruction similar to that given farmers. Typical grade samples were studied and students were furnished suitable reference material.

(e) Farm contacts were made by demonstrators in response to requests of farmers seeking further aid in improving their facilities for the better handling of their crops for market.

4. Stocks Statistics, Grade Standards, and Export Permits:

(a) Stocks Statistics: A quarterly tobacco stocks report provided an inventory of the classes and types of tobacco held by manufacturers and dealers in the United States and Puerto Rico. An annual report furnished a compilation of tobacco statistics for the crop year, as compared with previous years.

(b) Grade Standards: Tentative grades were established for the leading Puerto Rican type of tobacco, Type 46a.

(c) Export Permits: Thirty-two certificates were issued during the year for the exportation of tobacco seeds for experimental purposes only.

5. Revenue, Fiscal Year 1949: Fees of $6,250 were collected and deposited into the Treasury in connection with permissive inspection services. (The Tobacco Inspection Act of August 23, 1935 provides that no fee shall be charged for inspection at designated auction markets.)

(m) Cotton Statistics, Classing, Standards, and Futures Acts

Appropriation Act, 1950	$1,656,000
Transferred from "Removal of surplus agricultural commodities, Department of Agriculture," for increased travel costs	19,200
Transferred from "Supply and distribution of farm labor, Department of Agriculture," for Public Law 429 pay adjustment costs	37,600
Base for 1951	1,712,800
Budget Estimate, 1951	1,726,200
Increase (to place on a full year basis in 1951 pay adjustments under Public Law 429 which were in effect for only a part of the fiscal year 1950).....	+13,400

PROJECT STATEMENT
(Amounts Shown Include Pay Adjustment Costs)

Project	1949	1950 (estimated)	Increase P.L. 429 adjustment	1951 (estimated)
1. Classing services	$1,027,719	$1,236,875	+$9,965	$1,246,840
2. Preparation and distribution of standards	224,920	232,425	+1,465	233,890
3. Market information and quality statistics	231,884	243,500	+1,970	245,470
Total pay adjustment costs	[- -]	[37,600]	[+13,400]	[51,000]
Unobligated balance	7,900	- -	- -	- -
Total available	1,492,423	1,712,800	+13,400	1,726,200
Transfer in 1950 estimates from "Printing and binding, Department of Agriculture"	-11,723	- -		
Transfer from:				
"Removal of surplus agricultural commodities, Department of Agriculture"	- -	-19,200		
"Supply and distribution of farm labor, Department of Agriculture"	- -	-37,600		
Total appropriation or estimate	1,480,700	1,656,000		

CHANGE IN LANGUAGE

The estimates include proposed change in language of this item as follows: (new language underscored; deleted matter enclosed in brackets):

> Cotton Statistics, Classing, Standards and Futures Acts: To carry into effect the provisions of the Act authorizing the Secretary to collect and publish statistics of the grade and staple length of cotton, approved March 3, 1927, as amended by the Act of April 13, 1937 (7 U.S.C. 471-476), and to perform the duties imposed upon him by Chapter 14 of the Internal Revenue Code relating to cotton futures (26 U.S.C. 1920 - 1935), and to carry into effect the provisions of the United States Cotton Standards Act, approved March 4, 1923, as amended (7 U.S.C. 51-65), [$1,656,000: PROVIDED, That hereafter appropriations available for classing or grading any agricultural commodity without charge to the producers thereof may be reimbursed from nonadministrative funds of the Commodity Credit Corporation for the cost of classing or grading any such commodity for producers who obtain Commodity Credit Corporation price support] $1,726,200.

This change in language deletes the provision "That hereafter appropriations available for classing or grading any agricultural commodity without charge to the producers thereof may be reimbursed from nonadministrative funds of the Commodity Credit Corporation for the cost of classing or grading any such commodity for producers who obtain Commodity Credit Corporation price support.", since the word "hereafter" provides permanent legislation and the retention of this provision in the annual appropriation language is no longer necessary.

STATUS OF PROGRAM

Current Activities: The Cotton Statistics, Classing, Standards, and Futures Acts serve and safeguard the interests of cotton farmers, ginners, spinners, merchants, and ultimate consumers of cotton through:

1. quality standardization
2. classification and grading
3. market news
4. quality and price reports
5. related activities

Activities under the Cotton Acts include:

1. Classing services:

   (a) providing classing services to cotton farmers, manufacturers, and merchants who submit samples for quality classification.
   (b) classification of cotton produced by members of groups organized to promote the improvement of cotton, enabling them to obtain full premiums for improved quality.
   (c) classing of all cotton intended for delivery in settlement of futures contracts, to provide assurance to purchasers of futures contracts that cotton delivered will be of tenderable qualities and that no deliveries will be made at overvaluation.
   (d) licensing and supervision of licensed classers of spot cotton and linters.

2. Preparation and distribution of standards:

   (a) for measuring quality wherever American cotton and linters are sold by grade.

3. Market information and quality statistics:

   (a) current market news on supplies, demand and prices, enabling farmers to bargain advantageously.
   (b) supervising of commercial differences used in settlement of futures contracts by working closely with the 10 spot cotton exchange quotations committees who are responsible for accurate quotations for more than 200 different qualities, scrutinizing quotations and making necessary corrections.
   (c) preparation of quality reports annually on carry-over, and periodically on current crop supply to provide:

      (1) information to farmers concerning those qualities which may be grown and marketed to best advantage.
      (2) a basis for adjusting production to needs, especially those types best suited to the requirements of manufacturers and consumers.

Examples of Progress and Volume of Program Activity:

1. Volume of Classing

(a) Cotton Classifications made by Federal Employees and by Licensed Classers (Federally Supervised under the Cotton Acts) for the Fiscal Years 1947-1949

	Number of Classifications Made		
	Fiscal Year 1947	Fiscal Year 1948	Fiscal Year 1949
Classifications by Federal Employees			
Grade and Staple Statistics Act	382,570	381,931	494,756
Smith-Doxey (Amendment) Act	2,580,273	4,309,581	8,066,734
Cotton Standards Act:			
Public Classing Service	888,995	1,005,096	1,240,357
Economic Cooperation Administration (Reimbursable)	- -	- -	325,401
Federal Penitentiary Textile Mill (Reimbursable)	16,691	12,633	18,528
Cotton Futures Act	225,925	429,731	244,652
Total classifications by Federal employees	4,094,454	6,138,972	10,390,428
Classifications by Licensed Classers (Supervised by Federal Classers)			
Cotton Standards Act (Figures include bale classifications and samples classed in sorting cotton into lots by grade and staple length)	6,474,555	4,230,849	5,582,470
Total Classifications	10,569,009	10,369,821	15,972,898

(b) Classing by Federal employees during the fiscal year 1949 increased 69 percent over the prior fiscal year, due primarily to:

(1) an increase of 3.7 million classings for Smith-Doxey groups, and
(2) an increase of .2 million classings in public classing service under the Cotton Standards Act, and
(3) the classing of .3 million samples for ECA on a reimbursable basis.

2. Growth in Classing and Market News for farmer-members:

(a) Of outstanding significance during the fiscal year 1949 was the classing for farmer-members of Smith-Doxey groups of over 8 million bales of cotton. This was 3,757,153 bales, or 87 percent more Smith-Doxey classing than was performed during the fiscal year 1948, which, with the classing of over 4,300,000 bales, had represented a record high since the services were inaugurated in the fiscal year 1939. Farmers of these groups, organized to promote cotton improvement, continued to benefit through increased income from the improved varieties of cotton produced.

(b) Growth of classification and market news service under the Smith-Doxey Amendment:

Fiscal Year	Crop	Members	Samples Classed	Percentage of Crop Classified
1939	1938	18,589	83,592	.8
1940	1939	64,399	265,090	2.3
1941	1940	128,216	1,530,764	12.4
1942	1941	278,782	2,520,083	24.0
1943	1942	281,100	3,567,095	28.7
1944	1943	281,493	3,350,622	30.1
1945	1944	318,700	4,069,117	34.1
1946	1945	342,900	2,905,437	32.8
1947	1946	343,704	2,580,273	30.2
1948	1947	346,500	4,309,581	37.3
1949	1948	371,061	8,066,734	54.3

3. Grade and Staple Estimates of the Carry-over and the Crop:

(a) The Grade and Staple Statistics Act requires preparation and publication of the two following types of reports:

(1) a carry-over report on the grade and staple length of stocks on hand as of August 1, and

(2) a minimum of three reports to be issued annually on the quality of the current crop. However, as in past years, in response to the appeals of farmers, ginners, manufacturers and others for more frequent information regarding crop quality, reports were issued twice a month during the 1948-49 active ginning season (approximately four months).

(b) The distribution of these reports by offices during the fiscal year 1949 was as follows:

Issuing Office	Number of Farmers and Others Receiving Reports
Washington, D. C.	595
Atlanta, Georgia	2,268
Memphis, Tennessee	4,080
Dallas, Texas	2,828
Bakersfield, California	508
Total	10,279

4. Revenues earned:

(a) The estimated net cost of the programs conducted under the Cotton Acts to the Federal Government in 1949 was less than $160,000, since revenue earned for deposit with the Treasury totaled $1,325,000, or close to 90 percent of the total amount appropriated.

(b) Revenues, Fiscal Year 1949

	Collections
Cotton Standards Act:	
Classing of cotton	$344,437
Classing of cotton linters	391
Cotton classing license fees	3,155
Cotton linters classing license fees .	800
Sale of copies of cotton standards ...	23,044
Sale of copies of cotton linters standards	899
Cotton Futures Act:	
Classing of cotton	36,819
Total collections deposited to Miscellaneous Receipts of the Treasury	409,545
Value of samples accumulated for sale as Government property (estimated on basis of current price, less baling and handling costs). Proceeds will be deposited to Miscellaneous Receipts of the Treasury:	
Cotton Samples	915,943
Total revenue earned	$1,325,488

(n) Marketing Regulatory Acts

Appropriation Act, 1950	$3,400,000
Transferred from "Removal of surplus agricultural commodities, Department of Agriculture" for increased travel costs	68,700
Anticipated transfer from "Supply and distribution of farm labor, Department of Agriculture" for P.L. 429 pay adjustment costs	60,200
Base for 1951	3,528,900
Budget Estimate, 1951	3,747,600
Increase	+218,700

SUMMARY OF INCREASES, 1951

To provide for increased activity under the Grain Standards Act due to an increase in the volume of grain inspections	+30,000
To meet the increased need for seed testing and related work under the Federal Seed Act	+30,000
To carry out the second year of a three-year plan for posting and supervising all eligible stockyards in accordance with the mandatory provisions of the Packers and Stockyards Act	+130,000
To place on a full-year basis in 1951 pay adjustments under P.L. 429 which were in effect for only a part of fiscal year 1950	+28,700

PROJECT STATEMENT
(Amounts Shown Include Pay Adjustment Costs)

Project	1949	1950 (estimated)	Increase: P.L. 429 adjustment	Increase: Other	1951 (estimated)
1. Perishable Agricultural Commodities, Produce Agency, and Standard Container Acts	$310,887	$319,200	+$3,100	- -	$322,300
2. United States Grain Standards Act	1,221,337	1,158,000	+10,100	+$30,000(1)	1,198,100
3. United States Warehouse Act	575,553	652,300	+4,500	- -	656,800
4. Federal Seed Act	161,597	162,400	+1,400	+30,000(2)	193,800
5. Packers and Stockyards Act	555,607	669,600	+5,200	+130,000(3)	804,800
6. Naval Stores Act	41,373	41,400	+300	- -	41,700
7. Federal Insecticide, Fungicide, and Rodenticide Act	512,972	526,000	+4,100	- -	530,100
Total pay adjustment costs, Public Law 429	[- -]	[60,200]	[+28,700]	[+4,850]	[93,750]
Unobligated balance	2,299				
Total available	3,381,625	3,528,900	+28,700(4)	+190,000	3,747,600
Transfer in 1950 estimates from "Printing and binding, Department of Agriculture".	-12,875	- -			
Transfer from: "Removal of surplus agricultural commodities, Department of Agriculture"	- -	-68,700			
"Supply and distribution of farm labor, Dept. of Agr."	- -	-60,200			
Total approp. or estimate	3,368,750	3,400,000			

INCREASES

The increase of $218,700 in this item for 1951 is composed of the following:

(1) Increase of $30,000 under the project "United States Grain Standards Act" to provide for the processing of an estimated 10,000 additional appeals from grading done by non-Federal inspectors licensed under the U. S. Grain Standards Act.

Objective: To provide facilities necessary to process and decide the minimum number of appeals from licensed inspectors' grading that are expected to be submitted during the 1951 fiscal year.

The Problem: The Grain Standards Act provides that all grain sold by grade in interstate or foreign commerce must be graded by an inspector (non-Federal) licensed under the Act if the grain moves from or to any one of the 140 inspection points established throughout the United States. It is necessary that the Department supervise the work of over 450 licensed inspectors in order to assure reasonable accuracy and uniformity in the application of official grade standards. The Act also gives to any interested party the right to appeal the grading of any lot of grain graded by a licensed inspector. In appeal cases, the correct grade is determined by Federal employees and the original grade is changed if found to be incorrect.

During the past few years the number of grain inspections has steadily increased. Over 2,300,000 inspections, covering 4½ billion bushels of grain, were made during the 1949 fiscal year. During 1949, 80,954 appeals were decided by the Department. During the last several years Federal employment for administration of the Act has remained at about the same level due to the limited funds available. Even with a reduction in supervisory activities it was impossible for the Department to handle promptly all of the appeals submitted during 1949, and, because of the shortage of personnel, no action was taken on many of them. During the first three months of the 1950 fiscal year there has been a further increase in appeals. During this period, the Department was unable to act on over 12,000 appeals from country shippers and terminal receivers. Even though this period is not typical of the entire marketing year it is estimated that appeals which will be submitted in 1951 will exceed by at least 10,000 the number which could be handled with facilities currently available.

Significance: The great majority of appeals are made at rail shipping or receiving points. Delays in handling these appeals not only cause inconvenience to the person appealing, but often result in expenses for demurrage and interest on investment. The inability of the Department to act on a significant number of appeals denies the shippers or receivers involved the rights and benefits to which the Act entitles them.

Plan of Work: The proposed increase would make it possible to employ 7 additional grain inspection supervisors who would be stationed at existing offices where the demand for additional appeal work is the greatest. Since the average cost of handling an appeal is about $3 it is estimated that the increase of $30,000 would make it possible to handle 10,000 more appeals than would otherwise be possible.

(2) Increase of $30,000 under project "Federal Seed Act" to meet the increased need for seed testing and related work under the Federal Seed Act

Objective: To administer more effectively the interstate features of the Federal Seed Act by replacing part of the personnel and other facilities that must be transferred from this activity during the 1950 fiscal year in order to perform mandatory work in connection with the greatly increasing volume of seed imports.

Problem: This Act makes it mandatory that all imports of seed be inspected and approved before the seed may enter trade channels in the United States. During 1949, 108,000,000 pounds of seed were imported. This was a much larger amount than was imported during any other year since the Act was passed and was 60% larger than in 1948. Grass and forage crop seed make up the major part of all imports. The plan to shift to more grassland and greater production of forage crops in the United States and the increased seed production in Europe indicate that imports will be even greater during 1950 and 1951. A further indication that this will be true is that the quantity of seed imported during the first four months of the 1950 fiscal year was almost double the amount imported during the comparable period in 1949.

The workload in connection with imports has increased in about the same proportion as the volume of seed imported. A total of 8,295 import actions had to be taken in 1949. This was an increase of more than 40% over the 5,774 actions taken in 1948. This workload is almost certain to increase still more in 1950 and 1951. While the cost per import action varies considerably the average cost to the Department during the last few years has been about $15.

Due to limited funds the total staff for enforcing the Federal Seed Act, including the expanded import activities, was about the same in 1949 as in 1948 and there can be no expansion of the staff in 1950. Therefore the only way to handle the mandatory import work has been at the expense of work on interstate activities, mostly that of testing samples of interstate seed shipments and field investigation work. Only 2,530 interstate samples were tested during 1949 compared with 4,353 in 1948 and an average of 5,400 per year during the period 1945 - 1948.

Significance: All 48 States are cooperating with the Department in enforcing the interstate provisions of the Act. The State seed officials sample and test seed offered for sale or shipped into their respective states to determine compliance with State seed laws. When they believe there has been a violation of the Federal Act, they send to the nearest Federal Seed office the facts which have been gathered, including the

results of the State tests and samples of the seed. This means additional work and expense for the State but the State considers it worthwhile because in a great many instances the Federal Act working in conjunction with the State act can more effectively stop undesirable practices in seed marketing than can the State act alone. The States cannot be expected to continue this cooperation if the Department fails to carry out its function of promptly following up suspected violations reported by State seed officials. An indication of the States' reaction to the curtailment of interstate activities is contained in a petition recently sent to the Secretary of Agriculture by the Association of Seed Control Officials of the Southern States in which the Secretary is urged to make more funds available for the enforcement of the Federal Seed Act in the Southern States. The situation with regard to funds for this activity in the Southern States is, of course, substantially no different from that which exists in other sections of the nation.

Failure to enforce the Act at a level which will assure compliance with its requirements leaves farmers at the mercy of the careless or unscrupulous dealer and places the ethical dealer at a decided disadvantage in competition for business.

Plan for Work: The requested increase would be used to replace personnel and facilities which have been engaged in enforcing the interstate provisions of the act but which during 1950 must be transferred to expanding mandatory import work. It is estimated that this increase would return facilities for interstate work to approximately the 1949 level.

(3) Increase of $130,000 under the project "Packers and Stockyards Act" to carry out the second year of a three-year plan for posting and supervising stockyards in accordance with the mandatory provisions of the Packers and Stockyards Act.

Objective: To supervise currently posted yards (including approximately 100 which will be posted during 1950) and to post and supervise about 300 additional yards.

The Problem: The Packers and Stockyards Act imposes the mandatory duty upon the Secretary of Agriculture to post and regulate all public stockyards of 20,000 or more square feet in area. Of an estimated 600 stockyards eligible for posting, approximately 400 were not posted at the beginning of the 1950 fiscal year. The Department has been unable to carry out fully the provisions of the Act due to the inadequacy of funds provided for this purpose.

Significance: The regulation of marketing activities at some yards and not at others is obviously unfair. Many producers are required to ship their livestock long distance or be deprived of the protection of the Act. This situation has caused considerable dissatisfaction among stockyard and livestock interests.

Plan for Work: When a stockyard is posted it becomes the responsibility of the Department to provide supervision that will assure the furnishing to patrons of the market, adequate stockyards and market agency services such as at reasonable and non-discriminatory rates. Operators of posted stockyards, commission firms, and dealers must maintain accurate and complete records covering all transactions. These records are audited periodically by representatives of the Department to ascertain whether unlawful yardage, commission or feed charges have been assessed or whether registrants have engaged in trade practices detrimental to the interests of market patrons. These records are referred to daily in connection with investigations made of complaints filed by producers and other patrons. Based on information developed from such investigations, informal action is taken to effect adjustments of shippers' claims, or formal reparation or disciplinary proceedings are instituted as authorized by the statute.

An increase of $83,700 for 1950 was appropriated by the Congress for carrying out the first year of the three-year plan to post and supervise all eligible stockyards. These funds are being used to train personnel for the work under this Act, and to post approximately 100 of the 400 unposted yards.

It would be highly impractical to attempt to employ and train in one year all of the personnel necessary to post and supervise all of the 400 unposted yards. The recruiting and training program will therefore continue into the second year of the plan. During 1951, the second year, in addition to supervising the posted yards, it is planned to also post most of the 300 remaining eligible yards.

During 1952 (the third year of the plan) it will be necessary to supervise all 600 posted yards which will include the additional yards posted in 1951. This increased work will require additional funds in that year.

(4) Increase of $28,700 to place on a full year basis in 1951 pay adjustments under P. L. 429 which were in effect for only a part of the fiscal year 1950.

The following schedule shows, by State, the number of stockyards posted, as of June 30, 1949, and the estimated number which should be posted under the Act.

PACKERS AND STOCKYARDS ACT

Number of Stockyards Posted and Not Posted, by State

State	Total Yards in State	No. Yards Posted as of 6/30/49	Non-Posted Yards	*No. Yards Eligible for Posting
Alabama	44	4	40	8
Arizona	5	-	5	1
Arkansas	39	2	37	7
California	77	7	70	14
Colorado	54	7	47	9
Connecticut	-	-	-	-
Delaware	4	-	4	1
Florida	35	-	35	7
Georgia	43	2	41	8
Idaho	19	8	11	2
Illinois	95	5	90	18
Indiana	76	5	71	14
Iowa	174	6	168	34
Kansas	134	7	127	25
Kentucky	65	14	51	10
Louisiana	43	7	36	7
Maine	1	-	1	-
Maryland	11	1	10	2
Massachusetts	5	1	4	1
Michigan	62	2	60	12
Minnesota	51	1	50	10
Mississippi	39	5	34	7
Missouri	122	7	115	23
Montana	13	5	8	2
Nebraska	116	35	81	16
Nevada	3	-	3	1
New Hampshire	3	-	3	1
New Jersey	11	1	10	2
New Mexico	5	4	1	-
New York	58	2	56	11
North Carolina	42	-	42	8
North Dakota	24	1	23	5
Ohio	76	12	64	13
Oklahoma	126	9	117	23
Oregon	35	3	32	6
Pennsylvania	58	3	55	11
Rhode Island	1	-	1	-
South Carolina	24	1	23	5
South Dakota	52	7	45	9
Tennessee	41	10	31	6
Texas	157	11	146	29
Utah	9	2	7	1
Vermont	5	-	5	1
Virginia	36	2	34	7
Washington	35	2	33	7
West Virginia	22	3	19	4
Wisconsin	3	1	2	-
Wyoming	12	2	10	2
	2,165	207	1,958	390

* It is estimated that approximately 20% of the non-posted yards will meet the requirements for posting.

STATUS OF PROGRAM

Current Activities

This appropriation provides for the administration of eleven marketing regulatory laws designed to protect farmers and others from financial loss or personal injury resulting from deceptive, fraudulent and careless marketing practices.

Current activities and the problems to be solved vary in their details for each Act, yet the method of administration of each follows the same general pattern and includes two or more of the following:

1. Licensing or registration
2. Supervision of licensees
3. Collection and testing of samples
4. Development of standards
5. Settlement of disputes
6. Handling of violations
7. Collection of fees and charges

Fees

Assessments of fees and charges authorized by the regulatory laws are reflected by the following table:

Regulatory Law	Source of Revenue	How Amount of Fee is Determined	Earnings in 1949
Perishable Agricultural Commodities Act	Annual license fee required from all commission merchants, dealers or brokers of perishable agricultural commodities in interstate or foreign commerce, also arrearages in certain instances	$10 annual license fee fixed by law	$277,194
United States Grain Standards Act	(a) Appeal inspections if grade remains unchanged; (b) Sale as Government property of samples of grain collected	(a) Amount fixed administratively; $3 per car, $1 per 1,000 bushels or $1 per sample; (b) Current price of grain	$140,254

Regulatory Law	Source of Revenue	How Amount of Fee is Determined	Earnings in 1949
Naval Stores Act	(a) Grading, classifying, sampling and analyzing naval stores (b) Rental of rosin standards	(a) Amount fixed administratively; varies according to item, location and quantity (b) $4 per year plus security deposit of $100	$5,985
United States Warehouse Act	(a) Fee for each warehouseman's license (b) Fee for each licensed inspector, weigher, sampler and grader (c) Fee for initial inspection of warehouse and for inspection when there is an increase in capacity	(a) Amounts fixed administratively: $10 (b) $3 (c) Based on capacity	$22,571
		Total	$46,004

Major Trends: Marketing regulatory activities have continued to increase through the 1949 fiscal year. Examples are:

1. During 1949 108 million pounds of seed were imported - more than any year since the Federal Seed Act was passed in 1939. Imports during the first 4 months of the 1950 fiscal year were double the imports during the same period in 1949. Indications are that this trend will continue. The Federal Seed Act makes it mandatory that the Department inspect and approve all imported seed before it may enter United States trade channels.

2. Greatly increased production of grain in recent years has created a similar increase in grain inspections under the U. S. Grain Standards Act. In 1946 the number of such inspections reached 2,000,000. In 1949 over 2,300,000 inspections were made which involved 4.5 billion bushels of grain.

3. High production of grain and cotton has resulted in increased demand for and use of licensed warehouses under the U. S. Warehouse Act. The consequent increased workload has made it necessary to decrease the number of supervisory inspections of licensed warehouses from an average of over 3 per warehouse per year during the period 1945-1948 to 2.3 during 1949.

4. The number of licenses in effect under the Perishable Agricultural Commodities Act has increased during each of the last five years reaching an all-time high of 25,500 at the end of the 1949 fiscal year. The number of complaints pending settlement under the act has increased each of the last five years - 974 at the end of 1949 compared with 506 at the end of 1945.

Purpose and Recent Progress:

1. Perishable Agricultural Commodities, Produce Agency, Export Apple and Pear, and Standard Container Acts:

A. Purpose:

To protect producers, distributors, consumers and others from unfair practices in the marketing of fruits and vegetables; and to establish standards for fresh fruit and vegetable containers.

B. Licensing:

(1) More licenses were in effect June 30, 1949 under the Perishable Agricultural Commodities Act than at any other time since its enactment in 1930. Licenses in effect at the end of each of the last five years were as follows:

1945	1946	1947	1948	1949
20,960	22,138	23,595	24,733	25,731

(2) License actions taken under the Perishable Agricultural Commodities Act increased again in 1949 as they have in each of the five preceding years.

(3) Analysis of Licensing Activities, Fiscal Years 1945-1949

Activity	1945	1946	1947	1948	1949
Number of licenses renewed	15,358	16,546	16,674	17,813	18,848
Number of new licenses issued	5,602	5,592	6,921	6,920	6,883
Number of licenses terminated	3,946	4,414	5,464	5,782	5,917
Total license actions taken	24,906	26,552	29,059	30,515	31,648

C. Complaints

(1) The number of complaints on alleged violations of the Act received in 1949 increased 9 percent over 1948. The backlog of complaints at the end of 1949, although larger than any previous year, reflected a smaller percentage increase when compared to the two previous years.

(2) Informal settlement of damages from violations resulted in the payment of $933,000 to the damaged parties during 1949. Reparations awarded in the 118 formal orders totaled an additional $159,000.

(3) Analysis of Complaint Work, Fiscal Years 1945-1949

Activity	1945	1946	1947	1948	1949
Complaints pending at beginning of year	470	506	546	714	923
Complaints received during year	2,020	2,019	2,267	2,450	2,641
Total complaints to be handled	2,490	2,525	2,813	3,164	3,564
Disposition of Complaints:					
Formal decisions	86	76	104	118	153
Informal amicable settlements	888	916	894	968	1,165
Complaints otherwise closed	1,010	987	1,101	1,155	1,272
Complaints pending end of year	506	546	714	923	974

D. Produce Agency Act: In 1949, 36 complaintswere recorded as compared with 23 during 1948, and 20 complaints were personally investigated as compared with 11 the previous year. There was one conviction in the Federal court for violation of the Act.

E. Standard Container Acts: During the past fiscal year, tests were made of sample baskets and hampers obtained from 101 factories. Examinations were made of 364 items (1,919 samples) at the factories or submitted by manufacturers to the Washington laboratory. Of the 364 items examined during 1949, 86 items or 23.6 percent required correction. Of the 200 items examined during 1948, 52 or 26 percent required correction.

F. Revenues

(1) License fee rates, fixed in the Perishable Agricultural Commodities Act, have not been revised since the Act was passed in 1930. However, costs of all services such as

salaries, rent, supplies and travel have increased substantially. Although revenues have increased during recent years due to the increased number of licenses, obligations have continued to increase at a greater rate.

(2) Comparison of Obligations with Collections Deposited to Miscellaneous Receipts, Fiscal Years 1945 - 1949

Fiscal Year	Total Obligations	Collections	Percent Collections of Obligations
1945	194,267	234,911	121
1946	205,899	237,516	115
1947	249,102	255,102	102
1948	286,725	266,475	93
1949	310,887	277,194	89

2. United States Grain Standards Act

A. Purpose:

To assure farmers and other handlers a fair evaluation of the quality of their grain to the end that they may market it to the best advantage.

B. Coverage

During 1949 original inspection of grain was available under the Act at 140 established inspection points and 34 additional designated points. There were 469 inspectors licensed under the Act. Appeal services were available at 35 district offices and 8 sub-offices. This represents only minor changes from the coverage available during 1948.

C. Inspection and Appeals

(1) For the fourth consecutive year inspectors licensed and supervised under the Act performed over 2 million inspections of grain.

(2) The volume of appeals both to the District offices and to the Boards of Review was approximately 50 percent higher than in 1948.

(3) Volume of Inspection and Appeal Activities under the Act
Fiscal Years 1945-1949

Activity	1945	1946	1947	1948	1949
Total number of inspections by licensees	1,945,638	2,063,823	2,117,641	2,100,479	2,318,304
Inspections supervised by federal supervisors (does not include appeals)	114,645 (5.9%)	109,605 (5.3%)	140,307 (6.6%)	126,040 (6.0%)	129,292 (5.6%)
Appeals to District Offices	59,024	53,128	46,640	56,687	80,954
Original grade sustained (%)	62	55	57	59	58
Original grade changed (%)	38	45	43	41	42
Appeals carried to appeal boards	638	425	462	631	901
Supervisors grade sustained (%)	81	79	79	82	80
Supervisors grade changed (%)	19	21	21	18	20
Quantity of grain produced by calendar year (1,000 bu.)	6,139,265	6,512,838	5,503,734*	7,178,509*	6,588,403**
Quantity of grain inspected (1,000 bu)	3,647,143	4,133,866	4,097,624	4,050,195	4,544,055
Total number of certificates issued	2,005,300	2,117,376	2,164,743	2,157,796	2,400,159

* preliminary
** estimated

3. United States Warehouse Act

A. Purpose:

To assure farmers and other depositors safe storage for their products at reasonable rates and to protect the integrity of warehouse receipts as a universally accepted source of credit at low interest rates.

B. Licensed Warehouses - On June 30, 1949 there were 1,372 warehouses licensed under the Act. Over 93% of these were warehouses primarily for storing grain (830) and cotton (450). The remainder (92) stored the following commodities: Wool, tobacco, nuts, broomcorn, dry beans, sirup, canned foods, cottonseed, cold pack fruit, seeds, and cherries in brine.

C. Trend Toward Increased Licensed Capacity for Grain and Cotton

(1) During 1949 licensed grain warehouse capacity increased 12% and licensed cotton warehouse capacity increased 4%. This is a continuation of the trend of the past few years with respect to grain - licensed capacity has increased 30% during the last 5 years. The trend of the previous four years toward decreased licensed cotton capacity was reversed during 1949. These trends follow rather closely trends in total commodity holdings. Preliminary estimates indicate that this year's cotton and grain crops are considerably larger than average. In addition, the 1949 carryover of grain exceeded last year's by about 900,000,000 bushels and the cotton carryover was larger by about 2,200,000 bales. A considerable number of applications for both grain and cotton warehouse licenses were pending at the end of the 1949 fiscal year, and additional applications have been received during the first few months of 1950.

(2) Licensed Warehouse Capacities for Grain and Cotton as of June 30 for Fiscal Years 1945 - 1949

Commodity	1945	1946	1947	1948	1949
Grain (bushels)	258,128,154	271,202,154	280,358,601	301,448,159	336,353,455
Cotton (bales)	10,590,086	10,573,753	10,393,813	10,157,201	10,607,939

D. Inspection of Licensed Warehouses

(1) It is necessary periodically to make complete examinations of licensed warehouses to determine compliance with the Act. This work accounted for approximately 85% of the activities under this Act. Examinations made during 1949 included 1,648 of grain warehouses, 1,268 of cotton warehouses and 225 of warehouses storing other commodities. Higher utilization of licensed warehouse capacity makes it necessary to spend more time per examination. For example, in the case of cotton warehouses it is necessary to check each bale to determine that warehouse receipts truely represent both the quantity and quality of cotton in storage. Primarily because of higher utilization of licensed capacity, the total number of examinations made during 1949 was lower than during any other recent year.

(2) Number of Inspections and Licensed Warehouses, Fiscal Years 1945-1949

Item	1945	1946	1947	1948	1949
Number licensed warehouses	1,330	1,338	1,300	1,335	1,372
Number inspections made.	4,590	4,400	3,900	4,126	3,141
Average no. of inspections per warehouse	3.45	3.28	3.00	3.09	2.29

4. Federal Seed Act

A. Purpose:

To protect farmers and other users of seed by requiring complete and accurate labeling of all agricultural and vegetable seeds shipped in interstate commerce and by preventing importation of inferior or mislabeled seed.

B. Import Actions

(1) The workload with respect to imported seed as measured by formal actions increased 44 percent over 1948. Most of the increase in importations during 1949 is accountable to alfalfa, sweetclover, alsike clover and smoothe brome. Quantity of importations of this group of seeds during 1949 exceeded 1948 importations by 32 million pounds (123%). Indications are that this phase of the work which is mandatory under the Act will continue to increase. Two important factors contributing to this trend are the expanding production of seed in Europe and a shift to more grassland in the U. S., which will necessitate the importation of increased amounts of grass and forage crop seeds.

(2) Analysis of Import Activity, Fiscal Years 1945-1949

Activity	1945	1946	1947	1948	1949
Formal import actions (includes actions taken on lots rejected once and acted on again after cleaning, etc)	3,632	3,736	5,791	5,774	8,295
Lots offered for importation ...	3,258	3,448	5,399	5,481	7,224
Lots permitted entry	3,194	3,327	5,168	5,343	7,106
Lots denied entry	64	121	231	138	118
Kinds of seed imported	69	83	101	114	114
Pounds of seed imported	75,204,957	70,485,426	69,126,084	66,697,453	107,952,998

C. Interstate Violations

(1) During the fiscal year 1949 a total of 1,136 actions were

taken on complaints of violations of the interstate provisions of the Act.

(2) Interstate Investigations and Actions, Fiscal Years 1946-1949

	1946	1947	1948	1949
Cases for investigations:				
Total to be investigated	785	1,199	1,482	1,367
Investigations completed	623	768	864	1,034
Pending at end of year	162	431	618	333
Administrative actions:				
No action warranted	96	160	236	322
Warnings issued	381	539	566	660
Cited for hearings	79	94	76	103
Seizures recommended	9	4	13	11
Criminal actions recommended 1/	44 (11)	61 (24)	34 (14)	39 (13)
Court actions:				
Criminal actions terminated ...	9	16	19	14
Criminal actions pending at end of year	12	16	11	10
Seizure actions terminated	3	6	6	16
Seizure actions pending at end of year	5	3	9	4

1/ Often several alleged violations are combined into one court action. The number of court actions involved is shown in parentheses.

D. Seed Testing

(1) Seed testing during 1949 under the mandatory import provisions of the Act was necessarily increased substantially. Other important seed testing work had to be seriously curtailed to provide facilities for import work.

(2) Volume of Seed Testing Work, Fiscal Years 1945-1949

Activity	1945	1946	1947	1948	1949
Seed samples tested in connection with:					
Imports	4,451	3,614	5,475	5,615	7,468
Interstate shipments ..	3,650	5,057	8,603	4,353	2,530
Check tests	155	74	115	28	38
Variety tests	1,346	2,127	2,121	1,868	1,027
Miscellaneous activities	3,273	1,825	2,567	1,983	1,217
Total tests	12,875	12,697	18,881	13,847	12,280

5. Packers and Stockyards Act

A. Purpose:

To assure the furnishing of reasonable stockyard and selling services to producers at fair rates, and to eliminate unfair trade practices at public livestock markets.

B. Posting, Registration and Licensing:

(1) As in other recent years the policy was followed in 1949 to post no more stockyards than could be adequately supervised with available personnel and funds. The four new yards that were posted were located in towns in which another yard had already been posted. This action was necessary to eliminate discrimination against the unposted yards. Four yards were deposted because they no longer met the requirements of the Act for posting.

(2) It is planned to post approximately 100 additional yards in 1950 with the additional funds which have been made available for this purpose.

(3) Posting, Registration and Licensing Activities as of June 30, Fiscal Years 1945-1949

Activity	1945	1946	1947	1948	1949
No. of yards posted 1/ ...	196	193	201	207	207
Market agencies and dealers registered	4,478	4,708	4,652	4,972	4,462
Packers under supervision	1,332	1,340	1,871	2,123	2,148
Poultry dealers licensed	1,538	1,549	1,619	1,603	1,608

1/ Approximately 400 additional yards meet the Act's requirements for posting.

C. Supervision and enforcement

(1) Stockyards supervised under the Act during 1949 spent approximately $4,000,000 for the construction of new facilities, repair of existing facilities, and purchase of new equipment. These improvements can, in part, be attributed to the studies of services and facilities the Department has made and the policy that no increases in yardage rates will be approved until existing inadequacies have been remedied.

(2) The elimination of unfair trade practices in the buying and selling of livestock at posted yards continues to be an important activity. During 1949 close attention was given to the type of accountings made by livestock selling agencies to their shippers resulting in virtual elimination

of the practices of some selling agencies of permitting employees to speculate in consigned livestock and of using, for their own purposes, proceeds due shippers.

(3) Informal meetings with trade groups in the New York City live poultry terminal have resulted in many improvements such as installation of flood lights, extra police protection and agreement that, hereafter, sales tickets will be executed by both salesmen and buyers. In addition, a market improvement committee and a board of arbitration to settle disputes is to be established.

(4) Increases in rates are allowed only in cases and in amounts justified by actual increases in costs of rendering services. A saving to market patrons of about $77,000 was effected by modification of rates requested by the St. Joseph Livestock Exchange and a similar saving of about $23,000 was effected in the Los Angeles stockyard case. Numerous other savings were effected through formal rate cases and informal negotiations.

(5) Four hundred sixty-four claims against parties subject to the Act were handled without the necessity of expensive formal action. One hundred sixty-five of these were dropped when investigation revealed no basis for adjustments with the complainants and six were pending at the end of the year. The 293 settlements informally effected involved minor and inadvertent violations which required no formal disciplinary action. The settlement of these claims resulted in total payments to producers of $80,317.

(6) One hundred forty-nine audits were completed during the year. These audits revealed shortages in the payments and credits to shippers of only $49,000. The 156 audits made in 1948 revealed shortages of over $250,000. This definite improvement in the accuracy of accounts is an indication of the effectiveness of the audit work under the Act during recent years.

(7) Analysis of Scale Testing Activities, Fiscal Year 1949

Activity	Public Stockyards	Packers	Live Poultry Markets
Number of scales tested	686	237	274
Number of tests made	2,213	398	513
Tests showing accuracy	88%	72%	95%
Tests showing inaccuracy 1/	12%	28%	5%

1/ Scales found to be inaccurate were required to be adjusted, repaired or replaced.

(8) Analysis of Formal Proceedings, Fiscal Years 1945-1949

Activity	1945	1946	1947	1948	1949
Cases pending first of year	57	46	23	59	55
New cases	71	24	64	16	29
Cases reopened	13	20	38	16	16
Total cases requiring action	141	90	125	91	100
Cases disposed of	95	67	66	36	77
Cases pending end of year	46	23	59	55	23

6. Naval Stores Act

A. Purpose:

To prevent the sale of adulterated, misbranded or misgraded turpentine and rosin, and fraudulent practices in the sale of these naval stores.

B. Inspection Service

(1) The volume of inspection again increased during 1949 - 83.5% of the total production of gum rosin and 27% of the gum turpentine was inspected during the year as compared with 58% and 28.9%, respectively, during 1948.

(2) Volume of Naval Stores Inspected, Fiscal Years 1945-1949

Item	1945	1946	1947	1948	1949
Drum of rosin (520 lbs.)	164,994	114,214	167,825	438,320	874,925
Bags of rosin (100 lbs)	-	-	25,894	170,538	171,648
Tank cars of rosin	-	-	33	87	15
Drums of turpentine (55 gals.)	9,300	2,247	747	2,952	2,121
Tank cars of turpentine	-	-	65	174	185
Gallons of turpentine in miscellaneous small containers	-	-	52,935	2,696,633	4,674,758

C. Enforcement Activities

(1) One regulatory case handled during the past year involved the use of the mails for advertising a paint thinner, composed principally of petroleum products, comparing its properties with those of pure gum turpentine in a mis-

leading manner. After repeated warnings failed to correct the practice, this case was transmitted to the Department of Justice for appropriate action. This was the only case however in which it was necessary to recommend criminal action against the violator.

(2) Summary of Samples Collected and Violations Detected, Fiscal Years 1945-1949

Activity	1945	1946	1947	1948	1949
Samples collected and analyzed	174	213	261	181	135
Violations detected 1/	19	30	60	15	13

1/ All violations were corrected through informal action except for 2 citations for court action in 1947 and 1 in 1949.

D. Supplementary Activities - Collaborative work was continued with the American Society for Testing Materials which included:

(1) Work on the analytical test methods for pine oil, pine tar and pine tar oil, acidity in turpentine, non-volatile residue in turpentine, acid number of dark rosin, and unsaponifiable matter in rosin.

(2) Development of a new standard method for determining evaporation residue of turpentine.

E. Revenue Earned and Obligations Incurred, Fiscal Years 1947-1949

Item	1947	1948	1949
Revenue Earned for:			
Deposit to Miscellaneous Receipts	$5,670	$5,870	$5,985
Deposit to Rosin Inspection Trust Funds	3,100	7,770	17,875
Deposit to Turpentine Inspection Trust Fund	50	1,655	2,290
Total revenue	8,820	15,295	26,150
Obligations Incurred:			
Appropriated Funds	37,023	41,333	41,373
Trust Funds	2,853	7,218	13,342
Total obligations	39,876	48,551	54,715

7. Insecticide, Fungicide, and Rodenticide Act

This Act became effective in all of its provisions on June 25, 1948, so 1949 was the first full fiscal year of its operation. The year was marked by continued introduction of new products and by increased interest and awareness of possible dangers in the use of such products.

A. Purpose

To prevent the sale of adulterated, mislabeled, and inadequately labeled insecticides, herbicides, fungicides, and rodenticides, in order to safeguard farmers and other users from injury to crops, livestock, or themselves, and from loss through the use of ineffective products.

B. Registration:

(1) Under the Act all economic poisons sold in interstate commerce must be registered by the Department. Before registering a poison, the Department determines that the labeling and accompanying brochures and folders accurately state the poison's properties and give adequate instructions for its most effective safe use. If the poison is highly toxic to man, the label must contain special warning and antidotal directions.

(2) Registration Activities, Fiscal Years 1948 and 1949

Activity	1948 1/	1949
Submissions received 2/	20,832	20,780
Carryover from previous year	- -	3,025
Total submissions requiring action	20,832	23,805
Registrations:		
Original registrations	9,020	7,802
Supplemental registrations	1,572	3,901
Total	10,592	11,703
Letters of criticism written	9,687	16,064
Pending at end of year	3,025	473

1/ Registration work was started October 2, 1947

2/ Includes original submissions, submissions of corrected labeling and supplemental submissions in instances where the originally registered products were in some manner changed after registration.

C. Enforcement

(1) Compliance with the Act is determined by collection of samples of economic poisons in interstate commerce and analysis to detect violations. In 1948 and to a lesser extent in 1949 this activity was curtailed in order to carry out the registration requirements of the Act. Since the backlog of submissions for registration has been reduced to about the practical minimum, a further shift to enforcement work will be possible in 1950.

(2) Enforcement work on rodenticides and herbicides (not covered by the Insecticide Act of 1910) was started during 1949. 26 samples of rodenticides were collected. Five of the lots sampled were in such serious violation that seizures followed. This field will have to be covered rather thoroughly to assure compliance with the Act as it applies to rodenticides. Due to time required for testing herbicides, the tests on only one sample were completed during 1949, however, 20 additional products are undergoing tests which will be completed early in the 1950 fiscal year.

(3) Samples were taken from 37 shipments of economic poisons offered for importation and were analyzed for compliance with the Act. 16 were released unconditionally; 8 were released with warnings that minor corrections must be made before additional shipments would be allowed; 10 were detained for relabeling; and 3 were denied entry.

(4) Enforcement Activities, Fiscal Years 1945-1949

	1945	1946	1947	1948	1949
Violations (misbranded and/or adulterated products)	430	417	635	199	341
Actions taken on violations:					
Warnings	60	120	229	24	9
Citations	363	284	357	156	197
Seizures	16	13	49	18	30
Prosecutions	27	26	19	11	5

D. Development of testing methods

(1) In order to adequately carry out registration and enforcement work, methods of testing which will show the effectiveness of economic poisons and be sufficiently authoritative to be convincing evidence in legal proceedings, are necessary. These methods need to be kept up to date as new products are developed by the industry.

(2) During 1948 and the first half of 1949 all but the most urgent work of this type was deferred in order to make sufficient personnel available for registration work. Work was begun during the last half of 1949 in developing more adequate testing methods, especially for rodenticides and herbicides. This work will be given further emphasis during 1950.

E. Cooperation with States - During 1949 the Department consulted with State Economic Poisons Control officials relative to the establishment of cooperative agreements with States to provide for exchange of information regarding certain enforcement activities of the Department and the States and for the referral to the Department of suspected violations of the Act found by State employees.

At the close of the year cooperative agreements were in effect with 12 States and 3 additional states had agreed to collect samples for the Department upon specific request.

PRODUCTION AND MARKETING ADMINISTRATION

Functional Summary of RMA Projects Carried Out Under Title II

Functional Classification	1949	1950 (estimated)	Adjustments for 1951			1951 (estimated)
			P.L. 429	Contract	Other	
MARKETING RESEARCH AND SERVICES						
I. Basic data and information						
a. Reports on supplies, prices and movement of farm products	$12,105	$12,250	+$150	- -	- -	$12,400
b. Improving market news and other market information services	97,432	119,100	-500	- -	-$63,000(a)	55,600
c. Promoting greater use of market information through State educational and service agencies	139,000	180,000	- -	- -	- -	180,000
Total, Financial Project I	248,537	311,350	-350	- -	-63,000	248,000
II. Expansion of outlets for farm products						
b. Exploring opportunities for expanding domestic markets	96,743	136,050	+950	+$7,000	- -	144,000
e. State service programs to expand market outlets	336,351	426,550	+750	- -	- -	427,300
f. Analyses of supply, demand, and consumption	43,964	10,150	-150	- -	-10,000(b)	- -
Total, Financial Project II	477,058	572,750	+1,550	+7,000	-10,000	571,300
III. Marketing services, costs, and margins						
b. Studies of pricing practices	6,638	17,200	+300	- -	- -	17,500
c. Measurements of costs and margins	25,807	42,400	+400	- -	+5,000(c)	47,800
Total, Financial Project III	32,445	59,600	+700	- -	+5,000	65,300

(Continued on next page)

Functional Classification	1949	1950 (estimated)	Adjustments for 1951			1951 (estimated)
			P.L. 429	Contract	Other	
MARKETING RESEARCH AND SERVICES-Cont.						
IV. Improvement in preparation and handling of farm products						
a. Development and improvement of grades and standards	$409,387	$366,950	+$3,050	+$9,000	-$11,000(d)	$368,000
b. Developing improved containers and methods of packaging ...	149,556	136,200	- -	+10,000	-6,500(e)	139,700
c. Improving transportation services and equipment	51,320	106,700	+1,700	- -	+23,000(f)	131,400
d. Economic studies of new and improved processing methods	124,268	207,950	+2,250	-18,000	+20,000(g)	212,200
e. Improved storage and conditioning of farm products	74,124	51,950	+250	+15,000	-5,000(h)	62,200
f. Quality preservation in marketing channels	184,529	92,450	+750	+15,000	-3,000(i)	105,200
Total, Financial Project IV	993,184	962,200	+8,000	+31,000	+17,500	1,018,700
V. Evaluation and improvement of marketing system						
a. Improvement in physical plant	209,882	218,050	+850	- -	-30,000(j)	188,900
b. Increasing efficiency of merchandising agricultural commodities	201,492	212,000	+700	-8,000	-15,000(k)	189,700
c. Evaluation of market organization	164,216	162,650	+1,350	+10,000	+1,000(l)	175,000
d. Improving market methods and efficiency through State educational and service programs	102,000	140,000	- -	- -	- -	140,000
Total, Financial Project V	677,590	732,700	+2,900	+2,000	-44,000	693,600
Over-all administration	26,180	27,300	+100	- -	- -	27,400
Total, Title II, RMA	2,454,994	2,665,900	+12,900	+40,000	-94,500	2,624,300

(a) An adjustment to reflect: (1) Completion of a line of work of assembling data on the possibilities of retail market news services, (2) The transfer to regular funds on a service basis of the reporting of truck shipments of fruits and vegetables which has been carried on under this item on a pilot basis, and (3) A reduction in the work of collecting and disseminating information on frozen foods.

(b) An adjustment to reflect the completion of the study of the competitive relationship between (1) corn sugar and syrup and (2) cane and beet sugars and syrups.

(c) An adjustment within available funds to provide an additional $5,000 for study of costs and margins in the marketing of dairy products.

Objective and Plan of Work:

Marketing costs and margins for fluid milk and cream are being measured and analyzed primarily on the basis of newly assembled data that provide comparisons between agencies and markets. The increase will permit similar analyses of marketing costs and margins for butter and cheese.

(d) An adjustment to reflect a net decrease of $11,000 for the work on the development and improvement of grades and standards.

This net decrease consists of the following:

(1) A decrease of $3,000 to reflect the gradual reduction in the work being done on grade standards for farmers peanuts.
(2) A decrease of $15,000 to reflect the completion of the study on the development of marketing standards for syrups, edible molasses and liquid sugar.
(3) A decrease of $2,000 to reflect a minor reduction in the work on standards for grades for fresh fruits and vegetables.
(4) An increase of $4,000 for more work on the grade relationship of raw and processed fruits and vegetables.

Objective and Plan of Work:

There is a need to determine the relationship between the quality of processed products and the quality of the raw fruits and vegetables from which they are manufactured in order that a basis for equitable price differentials may be established. Also there is a need to determine the advantages that may be gained from the use of U.S. Standards for fruits and vegetables for processing.

It is planned to extend the present study on tomatoes to studies on the relationship of fresh grades of peas to the resultant grades and uield of the canned product. This expanded activity will be conducted in cooperation with the New York and Wisconsin Experiment Stations.

(5) An increase of $5,000 to strengthen standardization research on hops.

Objective and Plan of Work:

Laboratory analyses are being conducted by the Oregon Experiment Station this fiscal year to find the factors which determine the quality of hops. This increase would be used to determine which factors of hop quality can be measured accurately, which factors can be determined quickly enough to be feasible from a grading standpoint, and how satisfactorily a set of standards can measure hop quality.

(e) An adjustment to reflect a curtailment of studies being made on types of containers now in use in the shipment of beans packaged in cellophane.

(f) An adjustment to reflect an increase for work on improving transportation of agricultural products.

Objective and Plan of Work:

This increase would provide for an expansion of the work on improving the truck transportation of perishables and the effect of transit conditions on terminal market value; and to study ways to improve the efficiency and increase the utilization of trucks in the shipment of agricultural commodities.

(g) An adjustment to reflect an increase of $20,000 for economic studies of new and improved processing methods on cotton and oilseeds.

Objective and Plan of Work:

This work is designed to indicate ways and means of improving the efficiency of the domestic oilseeds processing industry and determining the outlets, returns to growers, mill locations, etc. In view of the large surplus of oils which has developed within the past year or two, the rapid displacement of fats and oils by synthetic detergents and emulsifiers and the accompanying extreme drop in prices of fats and oils, this research is now more important than formerly to the millions of producers and processors of oilseeds, fats and oils.

The difficulty of ginning mechanically harvested cotton without a material reduction in quality has retarded the complete mechanization of the cotton industry. $5,000 of the proposed increase would be used to extend to a 12-months' basis the research on ginning problems peculiar to the low humidity areas where conditions are favorable to the mechanical harvesting of cotton.

(h) An adjustment of $5,000 to reflect the completion of the line of work on farm storage of soybeans.

(i) An adjustment of $3,000 to reflect a reduction in supervisory activity in connection with contract work on the effect of regulatory measures on the quality of milk.

(j) An adjustment of $30,000 to reflect the completion of basic research on stockyard facilities and services.

(k) An adjustment of $15,000 to reflect the completion of the line of work on improving merchandising methods for citrus fruit.

(l) An adjustment to reflect a net increase of $1,000 for studies on the evaluation of market organization.

This net increase consists of the following:

(1) A decrease of $11,000 to reflect the completion of a line of work on marketing methods for cottonseed and tung nuts and their products.
(2) A decrease of $8,000 to reflect completion of the work project on studies of the reduction of risk by feed mixers through hedging.
(3) An increase of $20,000 for additional work on the sugar marketing structure.

Objective and Plan of Work:

To determine if the cost of marketing sugar beets, raw sugar and refined sugar can be reduced and, if so, where and how. This will be done through surveys and analyses of current marketing practices and the economic and institutional factors influencing them.

STATEMENT OF ALLOTMENTS, WORKING FUNDS, AND TRUST FUNDS
(Amounts Shown Include Pay Adjustment Costs)

Item	Obligations, 1949	Estimated obligations, 1950	Estimated obligations, 1951
Flood Control, Department of Agriculture (Allotment to Production and Marketing Administration):			
For collection, tabulation and analysis of county data on conservation needs of the areas covered by survey reports; and to assist in the preparation and analysis of proposed reports	- -	- -	$135,000
For assistance in the preparation of an agricultural plan for the Columbia Basin area	- -	- -	20,000
Total, Flood Control	- -	- -	155,000
Research and Marketing Act of 1946, Department of Agriculture (Allotment to Production and Marketing Administration):			
Title I Sec. 10(a) Utilization research	$3,821	- -	- -
Title I Sec. 10(b) Research other than utilization	56,979	$88,200	87,000
Title II Marketing research and services	2,454,994	2,665,900	2,624,300
Total, Research and Marketing Act of 1946	2,515,794	2,754,100	2,711,300
Special Research Fund, Department of Agriculture (Allotment to Production and Marketing Administration):			
Special researches in marketing farm products	15,250	- -	- -
Emergency Supplies for Territories and Possessions, Department of Agriculture (Production and Marketing Administration):			
For payments of transportation claims	495	- -	- -

(Continued on next page)

Item	Obligations, 1949	Estimated obligations, 1950	Estimated obligations, 1951
Supply and Distribution of Farm Labor, Department of Agriculture (Production and Marketing Administration):			
Expenses in connection with the operation and liquidation of the farm labor programs	112,800	120,000	- -
Working Fund, Agriculture (Production and Marketing Administration)			
Advances from Department of Army:			
Inspection of processed fruits and vegetables	308,667	129,548	- -
Inspection of miscellaneous grain and cereal products	110,009	52,000	- -
Total, Department of Army	418,676	181,548	- -
Working Fund, Agriculture, General (Allotment to Production and Marketing Administration):			
Indexing and preparation of aerial photographs for mosaics and charting purposes	118,546	107,078	- -
Total, Working Funds	537,222	288,626	- -
Trust Funds			
Expenses and Refunds, Inspection and Grading of Farm Products:			
Inspection and grading and certification of:			
Fresh and processed fruits and vegetables	1,450,374	1,513,680	1,318,450
Dairy and poultry products	2,069,947	2,233,628	2,139,695
Rice, hay, beans, peas, seed, hops and miscellaneous agricultural commodities	648,739	726,465	697,425
Meats and wool	1,301,122	1,291,220	1,247,430
Naval stores	13,342	20,850	21,940
Total	5,483,524	5,785,843	5,424,940
Grading of Agricultural Commodities, Department of Agriculture:			
Classification of cotton	641,285	438,020	255,800
Grading of wool and mohair	525,319	416,990	428,000
Total	1,166,604	855,010	683,800

(Continued on next page)

Item	Obligations, 1949	Estimated obligations, 1950	Estimated obligations, 1951
Indemnity Funds, County Associations:			
Assessments derived from each county agricultural conservation association to insure reimbursement to affected persons or agencies for losses of money or property by negligence or malfeasance by any employee of the association	188,402	500	500
Moisture Content and Grade Determinations for Commodity Credit Corporation:			
Testing and sampling of commodities to determine loan eligibility under commodity loan programs	5,636,943	2,404,490	- -
Undistributed Cotton Price Adjustment Payments:			
Deposits by trustees until proper distribution could be made to the persons entitled to share in a farms payment under the 1935 cotton prices adjustment program .	147	200	200
Miscellaneous Contributed Funds, Department of Agriculture (Production and Marketing Administration):			
For miscellaneous contributed funds received from States, local organizations, individuals, etc., deposited in the Treasury of the United States and made available for work under cooperative agreements	687	94,000	100,000
Total, Trust Funds	12,476,307	9,140,043	6,209,440
Foreign Assistance, Executive Office of the President, (Allocation to Agriculture) (Production and Marketing Administration):			
Administrative expenses	168,775	157,500	160,000

(Continued on next page)

Item	Obligations, 1949	Estimated obligations, 1950	Estimated obligations, 1951
Expenses, ECA, Executive Office of the President (Allocation to Agriculture) (Production and Marketing Administration):			
Administrative expenses	2,920,458	642,000	- -
For purchase of agricultural commodities for the ECA for distribution to foreign claimants	688,488,894	489,132,932	- -
Total	691,409,352	489,774,932	- -
Assistance to the Republic of Korea, ECA, Executive Office of the President (Allocation to Agriculture) (Production and Marketing Administration):			
Administrative expenses	12,470	- -	- -
For purchasing and transporting agricultural commodities to the Republic of Korea	4,521,576	- -	- -
Total	4,534,046	- -	- -
Expenses, China Aid, ECA, Executive Office of the President (Allocation to Agriculture) (Production and Marketing Administration):			
Administrative expenses	308,271	4,000	- -
For purchasing, procuring, and transporting agricultural commodities for the ECA for distribution to China .	48,657,835	423,000	- -
Total	48,966,106	427,000	- -
Expenses, Foreign Aid, Trieste, Economic Cooperation Administration, Executive Office of the President (Allocation to Agriculture) (Production and Marketing Administration):			
Administrative expenses	42,631	- -	- -
For purchasing, procuring and transporting agricultural commodities for the Economic Cooperation Administration for distribution to Trieste ..	2,435,099	- -	- -
Total	2,477,730	- -	- -
TOTAL OBLIGATIONS UNDER ALLOTMENTS, WORKING FUNDS, AND TRUST FUNDS	763,213,877	502,662,201	9,235,740

PASSENGER MOTOR VEHICLES

The 1951 estimates provide for the replacement of 91 passenger motor vehicles, representing 24 percent of the total cars available to the Production and Marketing Administration. These replacements include: 59 cars for the Marketing Service activities; 6 cars for the Commodity Credit Corporation and related supply programs; 25 cars for Market Inspection and related trust fund activities; and 1 car for use in connection with activities conducted by the PMA Insular Office at Puerto Rico.

The vehicles to be replaced will be over 6 years old or will have been operated more than 60,000 miles at the time of trade-in. The number of passenger vehicles estimated to be available in 1951 represents the minimum required to maintain essential services of the current programs of the Production and Marketing Administration.

COMMODITY EXCHANGE AUTHORITY

Purpose Statement

The Commodity Exchange Authority administers the Commodity Exchange Act of September 21, 1922, as amended.

The major objectives of the act are: to prevent commodity price manipulation and corners; prevent dissemination of false and misleading crop and market information affecting commodity prices; protect hedgers and other users of the commodity futures markets against cheating, fraud, and manipulative practices; insure the benefits of membership privileges on contract markets to cooperative associations of producers; insure trust-fund treatment of margin moneys and equities of hedgers and other traders and prevent the misuse of such funds by brokers; and provide information to the public regarding trading operations on contract markets.

The basic act was designated as the Grain Futures Act and conferred limited authority with respect to futures trading in grains only. By amendment of June 15, 1936, its short-title designation was changed to "Commodity Exchange Act", its regulatory provisions strengthened and extended to cotton, millfeeds, butter, eggs, potatoes, and rice. By amendment of April 7, 1938, wool tops were added to the commodities subject to the act; and fats and oils, cottonseed, cottonseed meal, peanuts, soybeans, and soybean meal were added by the act of October 9, 1940.

At the present time futures trading is conducted in 19 commodities on 18 exchanges. During the 1949 fiscal year trading in all grain futures aggregated 11 billion bushels of which wheat accounted for 4,514 million bushels. Trading in cotton futures aggregated 63 million bales. Trading in soybeans, cottonseed oil, and lard, was the largest in twenty years. It is estimated that futures trading in all commodities amounted to $33,445,000,000 during the 1949 fiscal year.

Federal supervision over futures trading is carried out by licensing commodity exchanges, registering futures commission merchants and floor brokers, reviewing exchange rules and regulations; compiling, reviewing and releasing information on futures trading; auditing brokers' books, and records to assure segregation of customers' funds; examining brokers' financial statements; analyzing and appraising futures trading, cash-futures relationships, deliverable supplies, and price movements; establishing and enforcing limits on speculative trading; and investigating and aiding in the prosecution of violations.

These functions are performed through a central organization in Washington and five field offices, located in the commodity markets at Chicago, Kansas City, Minneapolis, New Orleans, and New York. There are a total of 101 employees in the Commodity Exchange Authority, 31 of whom are stationed in Washington, D. C. and 70 in the field offices.

	Estimated, 1950	Budget estimate, 1951
Appropriated funds	$567,800	$675,000

Appropriation Act, 1950	$558,200
Anticipated pay adjustment supplemental	9,600
Base for 1951	567,800
Budget Estimate, 1951	675,000
Increase	+107,200

SUMMARY OF INCREASES, 1951

For establishment of speculative limits	+56,854
For trade practice surveys	+16,300
For market analysis by special "calls"	+15,486
For enforcement of speculative limits	+5,120
For special account audits	+10,240
Increase necessary to place on a full-year basis in 1951, pay adjustments under P. L. 429 which were in effect for only a part of fiscal year 1950	+3,200

PROJECT STATEMENT
(Amounts Shown Include Pay Adjustment Costs)

Project	1949	1950 (estimated)	Increases		1951 (estimated)
			P.L. 429 adjustment	Other	
1. Licensing ...	$43,608	$45,500	+$350	- -	$45,850
2. Supervision of trading ...	307,966	306,000	+1,650	+$20,606(3)	328,256
3. Audits	127,693	125,800	+710	+10,240(4)	136,750
4. Investigations	90,956	90,500	+490	+16,300(2)	107,290
5. Establishment of speculative limits	- -	- -	- -	+56,854(1)	56,854
Total pay adjustment costs: P. L. 429	- -	[9,600]	[+3,200]	[+3,500]	[+16,300]
Unobligated balance	2,957	- -	- -	- -	
Total available	573,180	567,800	+3,200(5)	+104,000	675,000
Transfer in 1950 estimates from "Printing and Binding, Dept. of Agriculture"	-8,180				
Anticipated pay adjustment supplemental .	- -	-9,600			
Total estimate or appropriation .	565,000	558,200			

INCREASES

The Commodity Exchange Act specifically directs that excessive speculation by individual large traders be prevented by fixing limits on the size of speculative positions that may be held and on the amount of speculative trading that may be done by any one trader on any one day. This is necessary to protect farmers, handlers and consumers from the disastrous effects of unwarranted price fluctuations. Recent abnormal price movements in the futures markets for eggs, cottonseed oil, soybeans, and wool tops, coupled with the speculative trading of large operators, evidence the immediate need for limits on these commodities. Funds are not available with which to prepare and present the statistical evidence necessary to establish specific limits pursuant to public hearings as required by law. Neither are funds available to cope with recurring attempts to manipulate futures markets and to prevent unfair trading practices specifically prohibited by the act such as wash sales, cross trades, fictitious sales and other unscrupulous devices.

The increase of $107,200 in this item is composed of the following:

(1) Increase of $56,854 to provide for the establishment of speculative trading and position limits on commodities such as eggs, soybeans, wool tops and cottonseed oil.

The Problem: One of the most important of the amendments made in 1936 to the Commodity Exchange Act is the provision requiring the establishment of limits on speculative trading and commitments of individual traders. This provision of the law is intended to diminish or eliminate excessive speculation causing sudden or unreasonable price fluctuations and protect the market from the impact of large holdings of individual speculators (professionals) suddenly thrown on the market. Speculative limits have thus far been established only on grains and cotton. Recently abnormal price movements in eggs, cottonseed oil, soybeans, and wool tops have accentuated the need for initiating studies to determine appropriate speculative limits to be established on these and other commodities.

Plan of Work: Establishment of speculative limits requires detailed analyses of previous market operations before public hearings can be held. After completion of basic research studies on the relation between the trading of large speculators and price movements, evidence is presented in public hearings, opportunity is afforded for the presentation of objections and the evidence and arguments are summarized prior to the examination of the record and formal announcement of limits. It is anticipated that work on two or perhaps three commodities may be completed with the increased funds provided in the Budget.

(2) Increase of $16,300 to provide for more frequent and extensive trade practice surveys.

Objective: To facilitate the disclosure, elimination and prosecution of illegal trading practices.

The Problem: Supervision of futures trading involves the surveillance of more than seven million transactions a year. The rapidity of price movements and the somewhat obscure operating methods used in trading facilitate bucketing, wash sales, cross-trades, and other unlawful practices in the futures markets. The average trader is not in a position to secure all of the facts which would reveal improper execution of his orders, and unlawful practices are difficult to detect merely by observation of floor trading. Trade practice surveys involving a substantial number of trades are needed to detect and eliminate improper practices. Heretofore such surveys have been especially fruitful in revealing evidence of fraud and improper handling of orders.

Plan of Work: A group of technically trained investigators would analyze all trades in a commodity on a specific futures market for a definite period of time. The commodities and exchanges selected for each trade practice survey would be determined on the basis of market activity and other factors so as to provide as broad and representative a coverage as possible. It is estimated that the trading covered by such surveys would be about one percent of total transactions in all commodities. Each transaction covered in the survey would be examined and its actual execution in the pit or ring checked to assure that execution had been in accordance with the law and regulations, that the transaction was not a part of a scheme to manipulate prices, and that both buyer and seller had been correctly informed as to the price and other details of the trade. Improper practices disclosed by the surveys would be handled by the institution of administrative proceedings or appropriate action in cooperation with exchange officials, as circumstances may require.

(3) Increase of $20,606 under the project "Supervision of trading", composed of:

(a) Increase of $15,486 to provide for more comprehensive market analyses through commodity futures "calls".

Objective: To secure complete data on composition of the market when abnormal conditions exist.

The Problem: Effective administration of the Commodity Exchange Act necessitates periodic examinations of the composition of the futures markets. Surveillance over futures trading covers 18 commodities on 19 exchanges and involves supervision over a great many individual futures (contracts maturing on each exchange during specified delivery months). For example, trading is active on

the Chicago Board of Trade in wheat for future delivery in five different delivery months and in the case of cotton on the New York Cotton Exchange in 7 different delivery months, with varying prices, trading, open contracts, deliveries and market conditions for each delivery date for each commodity. During fiscal 1949 the value of futures trading aggregated $33 billion. Effective administration of the Commodity Exchange Act requires periodic analyses of the composition of the market. This information is obtained by means of a "call" requiring futures commission merchants to report the name, address, and occupation of each trader in the market, the size of his holdings, amount of trading, and type of position held (speculative or hedging). With presently available funds, only a very limited number of calls can be made, and these only after the development of abnormal market conditions. In order to assure more effective administration of the act calls should be made more frequently and extended to additional commodities. Regular reports from futures commission merchants and large traders shed light on only a part of the market situation. Through the use of the call procedure it is possible to learn the complete composition of the market, the number and influence of small traders, the amount of hedging versus speculation, and potential or prevailing abnormal market forces. These calls also serve as an important aid in other enforcement activities by uncovering group operations designed to affect prices and revealing persons operating as futures commission merchants without registration as well as traders who evade reporting requirements.

Plan of Work: Each call is sent to approximately 600 futures commission merchants who, for each of the major commodities (wheat, corn and cotton) report positions held by three to five thousand customers on the average. The number of brokers and customers in the fifteen minor commodities are relatively smaller. The customers in the three major commodities usually have from ten to fifteen thousand transactions and positions which must be covered. After these reports are received they are tabulated and analyzed. Violations disclosed are made the subject of remedial action through formal or informal proceedings under the statute or through cooperative action by exchange officials.

(b) Increase of $5,120 to provide for enforcement of speculative limits on additional commodities.

Objective: To assure compliance with limitations to be placed on speculative trading and positions on additional commodities.

The Problem: At the present time approximately $30,000 is being spent on enforcement of speculative limits on grains and cotton. An increase of $56,854 is being requested to establish speculative limits on additional commodities. With these funds it is contemplated that limits would be established on two or three commodities prior to the end of fiscal year 1951 requiring immediate enforcement at an estimated cost of $5,120.

Plan of Work: Enforcement of speculative limits requires the closest scrutiny of special account reports (those reports required daily from every person having or controlling an open position in excess of certain specified amounts). The futures operations and positions of speculators must be followed systematically for enforcement of these limits and the operations of hedgers in both futures and in the cash commodity also must be currently followed to insure that classifications of positions as hedges are proper. Any effort by an individual or group to exceed the limits by trading under various or fictitious names must also be detected and prevented. Such work requires constant surveillance of market operations by highly trained specialists.

(4) Increase of $10,240 is to provide for audits of special accounts.

Objective: To insure that the reports submitted by brokers and large traders are accurate and reliable.

The Problem: Approximately a quarter of a million reports are received each year covering the trading operations and positions of large traders. The accounts of these large traders are referred to as "special accounts". Since the purpose in requiring these reports is to receive accurate and complete data relating to the market operations of large traders, it is essential that the reports be correct as to amounts and classification of operations. Inasmuch as hedging operations are exempt from the ceiling on speculative trading, traders may report their activities as hedging when they are in fact speculative. The only way such improper classification may be disclosed is through an audit of these special accounts. It is not possible with available funds to conduct such audits.

Plan of Work: Reports covering trading operations and positions of large traders will be referred to field accountants who will make a personal examination of the records of the traders involved. When it is apparent from such examination that a trader has been reporting incorrectly through ignorance of the law and regulations, he will be informed of the requirements and cautioned against repetition of improper classification. If it appears that the trader is wilfully reporting improperly, formal administrative proceedings will be instituted.

(5) Increase of $3,200 to place on a full-year basis in 1951 pay adjustments under P. L. 429 which were in effect for only a part of the fiscal year 1950.

STATUS OF PROGRAM

Objective and Functions: The purpose of the Commodity Exchange Act is to prevent price manipulation and corners and to insure fair practice and honest dealing on commodity exchanges. Enforcement of the act requires supervision over 18 commodity exchanges designated as "contract markets." Enforcement is a continuous process involving:

1. Market designation and broker registration: (a) Designation of commodity exchanges as contract markets; (b) annual registration of futures commission merchants and floor brokers; and (c) continuing review of exchange rules and regulations.

2. Supervision of futures trading: (a) Compilation, audit, tabulation and review of trade reports and current market analyses; (b) establishment and enforcement of speculative limits; (c) review of market news and letters; (d) maintenance of a quotation and ticker service; (e) analysis of cash commodity transactions; (f) cooperative activities with control committees of contract markets; (g) observance of floor trading; and (h) compilation and publication of market information.

3. Prevention of misuse of customers' funds: (a) Audit and examination of records of futures commission merchants and (b) analysis of brokers' financial statements.

4. Investigation and control of trade practices: (a) Investigation of complaints and alleged and apparent violations; (b) trade practice audits and surveys; (c) investigation of delivery practices; and (d) preparation and presentation of evidence of violations in administrative hearings and judicial proceedings.

Recent Activities:

1. Volume of trading. The volume of futures trading during the 1949 fiscal year was, in the aggregate, below the exceptionally high level of 1948 but substantially greater than the ten-year (1939-48) average. The volume of trading in wheat, corn, and cotton, the principal commodities, declined moderately but trading in many other commodities increased. Trading in wheat futures declined from 5,768 million bushels in 1948 to 4,514 million in 1949; corn from 3,798 million bushels to 3,678 millions; cotton from 110 million bales to 63 millions. On the other hand, trading in rye, soybeans, wool tops, lard, cottonseed oil, cottonseed meal, and soybean meal increased, some of the increases being exceptionally large. Futures trading in soybeans, cottonseed oil, and lard was the largest in CEA records, which cover approximately twenty years.

   Although the volume of trading in the aggregate in 1949 was somewhat below 1948, the work involved in many general supervisory activities such as observance of trading, review of market letters, quotation service, etc., was not changed. Due largely to sharp increases in trading in fats and oils and soybeans, the number of re-

ports from exchange clearing members and large traders was greater in 1949 than in the preceding year. These basic reports covering daily trading and open contracts for the whole market, daily operations of large traders, deliveries, and other market information are tabulated and analyzed regularly as the first means in the surveillance of the markets. These reports also provide information from which summaries of total volume of trading and open contracts are released daily to the public and other information is published periodically.

2. Surveys of trading on New York and New Orleans cotton exchanges. A survey was completed of all trading which took place on the New York and New Orleans cotton exchanges during the week ended May 22, 1948. This was the first comprehensive trade practice survey which had ever been made of trading on those markets. It was made for the purpose of obtaining an up-to-date and complete analysis of all trading practices followed in those markets. Numerous irregularities were disclosed. Among these were inadequate records of individual brokers and many instances of improper handling of customers' orders, including bucketing and offsetting orders.

   In accordance with the long-established policy of the CEA, the officials of the two exchanges were informed of the conditions disclosed by the survey, and the exchanges have made numerous changes in the rules and regulations for the purpose of preventing a repetition of these irregularities.

   These surveys clearly demonstrate their value and emphasize the desirability of conducting them periodically on these and other exchanges.

3. Segregation audits reveal deviations. During the fiscal year 1949, 437 deviations from the law and regulations were discovered while making 751 segregation audits. Some of the deviations discovered were of major importance and resulted in criminal prosecution but the bulk of them appeared to be unintentional, and corrective action was immediately taken by the violators. Among the more serious violations were instances of bucketing, broker's failure to register, undersegregation, improper payments from segregated funds, and improper investment of customers' funds. Corrective measures were taken in each instance.

4. Criminal prosecutions. A criminal information was filed by the United States Attorney in Chicago charging a broker with having accepted money from five persons for the purpose of trading in commodity futures and having converted the funds to his personal use. A similar case was prosecuted in Newark, N.J., in which the defendant was sentenced to 13 years' imprisonment.

5. Administrative proceedings. Three administrative proceedings were completed during the year. A grain company which had been acting as futures commission merchant without registering, having failed to file reports of futures transactions as required, and having bucketed orders from a customer on three different occasions was, together with four members of the firm, denied trading privileges on all contract markets. The second administrative proceeding was against an individual who

falsely represented himself to be a registered futures commission merchant and who falsely represented that he had executed futures orders for his customer. He was denied trading privileges on all contract markets for a period of sixty days. The third related to an individual who accepted funds from customers but failed to execute the customers' orders and pocketed the funds. He was denied trading privileges on all contract markets in connection with transactions for customers.

6. Other actions. In addition to formal administrative and criminal proceedings, three stipulations of compliance were secured, five warning or procedural letters issued, and twenty-three investigations of alleged or apparent violations completed. Throughout the year assistance was rendered to the Solicitor in the prosecution of these and preparation of other cases.

7. "Calls" and surveys. Three special "calls" and surveys, designed to afford detailed information regarding the composition of the commodity futures market, especially the transactions and positions of small traders not subject to reporting requirements, were completed during the year. These involved five commodities as follows:

Commodity	Market	Type of Survey	Period Covered
Wheat, corn, soybeans	Chicago Board of Trade	Trading and positions	Feb. 7-9, 1949
Cottonseed oil	New York Produce Exchange	"	Feb. 7-8, 1949
Wool tops	Wool Associates of the New York Cotton Exchange, Inc.	"	Mar. 16-18, 1949

In providing a complete picture of the balance between speculative and hedging commitments in the market, including the volume and type of trading and size of commitments of all traders, these calls constituted an important addition to the information obtained from reports received daily showing trading and positions of large traders.

8. Cottonseed oil futures market investigated. As the cottonseed oil futures market gathered momentum following removal of war restrictions, the season of 1947-48 was marked by violent price fluctuations in both spot and futures prices. Prices moved from 18 cents a pound in September 1947 to 43 cents in May 1948 and back down to 19 cents in the fall of 1948. A comprehensive investigation of the cottonseed oil futures market was therefore made to determine whether the futures contract facilitated or hindered the marketing of the spot commodity. This investigation covered the thirteen-month period from September 1, 1947 to September 30, 1948. It revealed that the basic cause of the wide price movements in the futures market was the extremely tight situation in spot oil. The competitive efforts of traders in various groups to obtain scarce oil, or to fulfill their contractual obligations to supply oil, threw the futures markets out of line during the delivery period. Inasmuch as only one type of oil was deliverable in settlement of futures contracts, a recommendation was made that consideration be given to broadening the futures market by increasing the number of grades of oil which may be delivered in settlement of futures contracts.

MAJOR ACTIVITIES OF THE COMMODITY EXCHANGE AUTHORITY

	Actual		Estimated	
	1948	1949	1950	1951
1. Licensing:				
Futures commission merchants registered	659	645	650	660
Floor brokers registered	734	749	750	760
Examinations of exchange rules	x	105	105	105
2. Supervision:				
Markets and commodities:				
Exchanges	18	18	18	18
Commodities	19	19	19	19
Markets (6 wheat markets, 3 cotton markets, etc.)	35	40	41	41
Reports tabulated and analyzed:				
Daily trading volume and open contracts	229,000	261,000	250,000	260,000
Daily and weekly reports of large traders	246,000	267,000	250,000	250,000
Delivery notices	14,062	19,695	20,000	20,000
Special calls and surveys	5	3	3	4
Accounts covered	7,827	9,578	10,000	12,000
General activities, including observance of trading, exchange relations, enforcement of speculative limits, price compilations, quotations service, and review of market letters	x	x	x	x
3. Audits:				
Segregation audits	621	751	700	750
Accounts examined	26,165	28,064	26,000	28,000
Financial statements examined	650	639	650	660
4. Investigations:				
Compliance investigations completed	44	35	40	40
Economic investigations completed	0	1	1	3
Establishment of speculative trading limits	0	0	0	2
Trade practice surveys completed	7	2	2	3
Number of transactions examined	50,000	40,000	28,000	40,000
Criminal prosecutions	2	1	2	3
Administrative proceedings	6	3	4	5

x - No measure of work load available.

FARMERS' HOME ADMINISTRATION

Purpose Statement

The Farmers' Home Administration established on November 1, 1946, pursuant to the Farmers' Home Administration Act of 1946, approved August 14, 1946 is authorized to perform the following activities:

1. Make direct farm ownership (farm tenant) loans to farm tenants, farm laborers, sharecroppers and other individuals for the purchase, enlargement or development of family size farms. Loans, at 4% interest amortized over 40 years, are made in amounts up to the normal value of a farm as improved based on long-term earning capacity values.

2. Insure 40 year farm ownership loans made by private lenders up to 90 percent of the normal value of the farm and necessary improvements at 3 percent interest plus a 1 percent insurance charge. Insured loans are for the same purposes and to the same classes of individuals eligible for direct farm ownership loans.

3. Make production and subsistence loans to farmers and stockmen for farm operating expenses and for other farm needs including the refinancing of indebtedness and family subsistence. Loans are made up to $3,500 for 1 to 5 years at 5 percent interest with a limit of $5,000 on the total indebtedness of any farmer.

4. Make loans for the construction, repair, or improvement of water facilities in the arid and semiarid areas of the 17 Western States. These loans are made at 3 percent interest for periods up to 20 years to individuals and groups to provide domestic or irrigation water supply. Engineering assistance is given in planning and installing farmstead and irrigation facilities.

5. Make loans and grants to farm owners for the construction, improvement, alteration, repair or replacement of dwellings and other farm buildings. Also loans for the enlargement or development of farms to farm owners receiving loans and grants for farm dwellings and other farm buildings. Loans are made for periods up to 33 years at 4 percent interest under authority of Title V of The Housing Act of 1949.

6. Make emergency loans to farmers and stockmen in areas where a production disaster has caused a need for agricultural credit not readily available from commercial banks, cooperative lending agencies, or other responsible sources. Also make loans to bona fide fur farmers needing credit, unobtainable from commercial banks, cooperative lending agencies or other responsible sources, in order to carry on their present fur farming operations. These loans are made at 3 percent interest for periods consistent with the anticipated ability of the borrower to repay. The total outstanding principal indebtedness on fur loans may not exceed $4,000,000 at any one time.

Supervisory assistance in planning and carrying out sound farm and home operations is provided all borrowers on the basis of their individual problems and needs. No loans are made to anyone who can secure adequate credit from other sources at reasonable rates. A local county committee is required to approve each applicant and each loan. In the case of farm ownership loans, they certify to the normal long-time earning capacity value of the farm and in the case of farm housing loans, certify as to the normal market value.

The Farmers' Home Administration maintains its central office in Washington with program activities decentralized to 40 state offices (a few of which service two or more states), 1,625 county offices, and 4 area finance offices. The Farmers' Home Administration, on November 30, 1949, had 5,833 full-time employees, 316 of whom are in Washington, and the balance in the field, and 9,390 state and county committeemen part-time employees paid an average of 8 to 10 days a year.

	Estimated 1950	Budget Estimate 1951
Loans (borrowing authorization):		
Farm tenancy	$15,000,000	$20,000,000
Production and subsistence	85,000,000	85,000,000
Water facilities	3,000,000	5,000,000
Farm housing	25,000,000	50,000,000
Grants and Loans (Farm housing program)	2,000,000	5,000,000
Salaries and expenses	26,706,700	30,000,000
	$156,706,700	$195,000,000

Summary of Appropriations, 1950 and Estimates, 1951
(Amounts Include Estimated Pay Adjustment Supplemental)

Item	Total estimated available, 1950 a/	Budget estimates, 1951	Increase (+) or decrease (-)
Farm ownership loans	$ 15,000,000	$20,000,000	+$ 5,000,000
Production and subsistence loans	85,000,000	85,000,000	- -
Water facilities loans	3,000,000	5,000,000	+2,000,000
Farm housing and other farm buildings:			
(a) Building loans	25,000,000	50,000,000	+25,000,000
(b) Enlargement and development loans	1,350,000	3,000,000	+1,650,000
(c) Repair and improvement grants	650,000	2,000,000	+1,350,000
Salaries and expenses	26,736,700	30,080,000	+3,343,300
Total available	156,736,700	195,080,000	+38,343,300
Deduct:			
Transfer from "Farm tenant-mortgage insurance fund, Farmers' Home Administration, Department of Agriculture"	-30,000	-80,000	+50,000
Authorization to borrow from Secretary of Treasury	-128,000,000	-160,000,000	+32,000,000
Total appropriation or estimate	28,706,700	35,000,000	+6,293,300

a/ Amounts are adjusted for comparability with the appropriation structure proposed in the 1951 Budget Estimates.

(a) Farmers' Home Administration

Authorization to borrow from "Secretary of Treasury"	$103,000,000
Appropriation Act, 1950	23,649,000
Anticipated pay adjustment supplemental	480,000
Transferred from "Farm Tenant-Mortgage Insurance Fund, Farmers' Home Administration, Department of Agriculture"	30,000
Activities transferred in 1951 estimates from:	
"Loans, Farm Housing, Department of Agriculture" (Loans from Secretary of Treasury)	25,000,000
"Grants and Loans, Farm Housing, Department of Agriculture"	2,000,000
"Salaries and expenses, Farm Housing, Department of Agriculture"	2,577,700
Base for 1951	156,736,700

Budget Estimate, 1951:		
Authorization to borrow from "Secretary of Treasury"	$160,000,000	
Direct appropriation	35,000,000	
Transfer from "Farm Tenant-Mortgage Insurance Fund, Farmers' Home Administration, Department of Agriculture	80,000	+195,080,000
Increase		+38,343,300

SUMMARY OF INCREASES, 1951

Loans to homestead entrymen and others on reclamation projects:	
Farm ownership	+$5,000,000
Water facilities	+2,000,000
Loans and Grants for Farm Housing:	
Building loans for farm dwellings and other farm buildings	+25,000,000
Enlargement and development loans in connection with other loans for farm dwellings and other farm buildings	+1,650,000
Repair and improvement grants for farm dwellings and other farm buildings	+1,350,000
Operating expenses for:	
Costs of making the additional farm ownership and water facilities loans to homestead entrymen and others on reclamation projects	+618,025
Costs of making the additional farm housing loans and grants in 1951 and servicing farm housing loans made in 1950	+2,059,300
Insuring mortgages (by transfer of receipts from "Farm Tenant-Mortgage Insurance Administrative Fund"; not an increase in appropriation)	+50,000
Servicing in 1951 insured mortgages made in prior years and the additional production and subsistence loans to be made in 1950	+362,060
Increase necessary to place on a full-year basis in 1951, pay adjustments under Public Law 429 which were in effect for only a part of the fiscal year 1950	+253,915

PROJECT STATEMENT
(Amounts Shown Include Pay Adjustment Costs)

Project	1949	1950 (estimated)	Increase or decrease: P.L. 429 adjustment	Increase or decrease: Other	1951 (estimated)
Loans:					
1. Farm ownership loans	$14,997,585	$15,000,000	-	+$5,000,000(1)	$20,000,000
2. Production and subsistence loans	74,999,651	85,000,000	-	-	85,000,000
3. Water facilities loans	1,510,274	3,000,000	-	+2,000,000(2)	5,000,000

(Continued on next page)

Project	1949	1950 (estimated)	Increase or decrease: P.L. 429 adjustment	Increase or decrease: Other	1951 (estimated)
4. Farm housing and other farm buildings:					
(a) Building loans.....	-	25,000,000	-	+25,000,000(3)	50,000,000
(b) Enlargement and development loans.....	-	1,350,000	-	+1,650,000(4)	3,000,000
(c) Repair and improvement grants....	-	650,000	-	+1,350,000(5)	2,000,000
Total loans..	91,507,510	130,000,000	-	+35,000,000	165,000,000
5. Salaries and expenses:					
(a) Making loans and grants and insuring mortgages (includes initial servicing in fiscal year in which loan is made)..	5,565,300	9,461,273	+70,242	+2,110,325(6)	11,641,840
(b) Collecting and servicing outstanding loans and insured mortgages..	18,041,723	17,275,427	+183,673	+979,060(7)	18,438,160
Total salaries and expenses	23,607,023	26,736,700	+253,915	+3,089,385	30,080,000
Total pay adjustment costs:					
Public Law 429	[-]	[557,700]	[+253,915]	[+88,385]	[900,000]
Public Law 359	[-]	[2,846]	[-]	[-]	[4,000]
Unobligated balance.....	78,734	-	-	-	-
Total available.....	115,193,267	156,736,700	(8)+253,915	+38,089,385	195,080,000

(Continued on next page)

Project	1949	1950 (estimate)	Increase or decrease: P.L. 429 adjustment	Increase or decrease: Other	1951 (estimated)
Transferred from "Farm tenant-mortgage insurance fund, Farmers' Home Administration, Department of Agriculture"..	-12,000	-30,000			
Transfer in 1950 estimates from:					
"Development of water facilities, arid and semiarid areas, Department of Agriculture".....	-1,749,107				
"Printing and binding, Department of Agriculture".....	-2,160				
Transfer in 1951 estimates from:					
"Loans, Farm Housing, Department of Agriculture"(Loans from Secretary of Treasury)..		-25,000,000			
"Grants and Loans, farm housing, Department of Agriculture".....		-2,000,000			
"Salaries and expenses, farm housing, Department of Agriculture"		-2,577,700			

(Continued on next page)

Project	1949	1950 (estimated)	Increase or decrease: P.L. 429 adjustment	Increase or decrease: Other	1951 (estimated)
Anticipated pay adjustment supplemental...		-480,000			
Authorization to borrow from Secretary of Treasury.....		-103,000,000			
Total appropriation.....	113,430,000	23,649,000			

INCREASES

The increase of $38,343,300 in this item for 1951 is composed of the following:

(1) Increase of $5,000,000 in direct farm ownership loan funds for the purpose of more adequately meeting the needs of settler-families on reclamation projects.

Need for Increase: Many settlers, including entrymen and others who own or are purchasing their land from private vendors, are living in tar paper shacks, tents, or basement houses. Due to inadequate credit facilities, these settlers are trying to construct their buildings and develop their farms from income received from production of only a portion of their farms. Private and cooperative sources of credit generally are not available.

Many families will fail after exhausting their limited resources if credit assistance is not provided. The history of many of the older reclamation projects shows that it was not uncommon for three or four families to fail before the farm passed into the hands of a person who, by taking advantage of the efforts of his predecessors, is enabled to complete the development and establish efficient operations. Families selected for entry on units opened for settlement in the 1950 and 1951 fiscal years will be faced with the same unsatisfactory and inefficient situations if adequate sources of long-term credit are not available.

Public Law 361 (81st Congress) authorizes the making of loans in accordance with the terms of the Bankhead-Jones Farm Tenant Act, or the Water Facilities Act of August 28, 1937, as amended, to persons making a homestead entry on public land or contracting for the purchase of other land of the United States in a reclamation project. Public Law 361 also provides that the first installment for the repayment of such loans, or any other loan to the owner of a newly irrigated farm in a reclamation project may be deferred for a period of two years.

Prior to this legislation, farm ownership loans could not be made to entrymen or contract purchasers of public lands because it was not possible to secure a first mortgage on the land. Also, prior to the two-year deferred repayment provision, loans could be made to only a limited number of other new settlers. When a settler first occupies his farm, land must be leveled, irrigation structures installed, and basic land treatments applied. Houses and barns must be built and livestock must be purchased and brought into production. Only settlers with unusual resources for these accomplishments and those settlers who have accomplished them in part through years of struggle and deprivation of their families are able to make heavy real estate payments during the first two years of their loan.

Loan Plans: The provisions of Public Law 361 increases materially the loan assistance than can be given these reclamation settlers. The estimate includes an additional amount of $5,000,000 to meet the needs of these families. This amount is estimated to meet the needs of approximately 625 farm families. Recent studies of financial requirements on certain reclamation projects show that settler families will need to invest $12,000 or more in developing their farms.

(2) Increase of $2,000,000 for making "Water facilities loans" to homestead entrymen and other settlers on reclamation projects.

Need for Increases: The increase of $2,000,000 for water facilities loans is necessary to meet the special credit needs of settlers on reclamation projects, particularly those who have settled on such projects in the past few years and could not obtain loans prior to the passage of Public Law 361. The development of many farms on reclamation projects is being seriously delayed because of the inability of settlers to obtain credit required for the installation of water facilities necessary to bring their farms into full production. Many farms occupied by new settlers have not been fully irrigated because funds were not available to complete the land leveling and clearing and the installation of irrigation facilities. Many newly settled farms are also without water supplies for home use because of the inability to obtain the credit needed for digging wells and installing equipment necessary to provide water for the farmstead and livestock. Until funds are available to these settlers for completing their land development, the installation of irrigation facilities, and the providing of farmstead water, income will not be sufficient to provide adequately for farm and home operating expenses as well as payment of debts.

Loan Plans: The increase of $2,000,000, together with the authority for water facilities loans provided by Public Law 361, would enable assistance to be given to about 800 additional farms. Most of these loans would be made to individuals, but in some instances assistance would be given through loans to groups of farmers. The loan funds would be used for the installation of such facilities as irrigation ditches and other structures to distribute water over the farm from main ditches constructed by the Bureau of Reclamation, the leveling of land or the installation of sprinkler systems to apply water for efficient crop irrigation, digging of wells, and the installation of farmstead water facilities.

(3) Increase of $25,000,000 for approximately 14,000 additional building loans for farm dwellings and other farm buildings.

Need for Increase: Operations under Title V of the Housing Act of 1949 began in November 1949 with a first year authorization to borrow $25,000,000 from the Secretary of the Treasury providing for about 12,400 building loans to farm owners. If reasonable progress is to be made in this program in the 1951 fiscal year, it is essential that the full amount of $50,000,000 authorized by the Act for the second year of the program be made available. The need for improvement of rural housing and other farm buildings continues to be one of the most pressing problems of rural areas. Reports from the Bureau of the Census indicate that 1,400,000 rural farm dwelling units were in need of major repairs in 1947. A large portion of these dwellings are owned by families unable to obtain credit from private and cooperative sources for needed repairs, improvement, or construction at terms which they can reasonably be expected to fulfill. The volume of early applications indicates a demand for loans many times greater than the number of loans which can be made with funds available.

Loan Plans: The increased amount would permit the making of 14,000 loans over the number which can be made with the amount available in 1950. About 7,800 loans for $17,300,000 would be made under Section 502 to applicants having income sufficient to meet regular amortization payments of principal and interest. Approximately 3,000 loans for $6,740,000 would be made under Section 503 to applicants on farms where basic changes must be made in the farm program before the income will be sufficient to meet the annual amortization payments. The balance of $960,000 would be used to provide about 3,200 loans under Section 504 to owner-occupants for minor repairs and improvements.

(4) Increase of $1,650,000 for approximately 4,000 additional enlargement and development loans in connection with other loans for farm dwellings and other farm buildings.

Need for Increase: A sizeable portion of the 3,000,000 farm families in the lower income half of all farm operators do not have sufficient income to support decent, safe and sanitary housing and other farm buildings. In many instances this income can be sufficiently increased by enlargement of the acreage or the development of the farm resources. Section 504(b) of the Housing Act of 1949 recognizes this problem with provision for loans for farm enlargement and development to those farm owners receiving other farm housing loan and grant assistance.

As the program develops in its second year of operation, additional funds will be needed for such loans to farm owners who must make substantial adjustments in their farming business before the income will be sufficient to repay loans for necessary building improvements. These loans will also be needed by borrowers on farms that cannot supply adequate income but on which housing assistance is needed to remove conditions detrimental to the health of the members

of the family. On many farms capable of adjustment to support building loans, the adjustments cannot be made without funds for necessary enlargement and improvement of the farm resources. On other farms small loans for enlargement and development will, in many cases, increase the income of the families and enable them to maintain their living conditions at a more satisfactory level.

The increase of $1,650,000 is estimated to be sufficient to adequately assist an additional 4,000 families with the enlargement and development of their farms through purchase of additional acreage, clearing of land, basic fertilizer treatment, etc.

(5) Increase of $1,350,000 for repair and improvement grants for farm dwellings and other farm buildings.

Need for Increase: Section 504(a) of the Housing Act of 1949 provides for making grants alone or grants in combination with loans to farm owner-occupants whose incomes are insufficient to repay the full amount required for necessary repairs and improvements to farm dwellings and other farm buildings. Sub-standard farm housing and other farm buildings are recognized as a serious threat to the health and the safety of farm occupants and to the community. Sub-standard building conditions exist on a large number of farms occupied by families in rural areas who are faced with situations which preclude the possibility of obtaining adequate income on their farm or the possibility of moving to more satisfactory living quarters.

To alleviate these threats to health and safety, grants alone or grants in combination with loans are made for such purposes as repairing roofs, providing toilet facilities, supplying a sanitary water supply, supplying screens and making other minor repairs and improvements. In order that adequate attention may be given to this phase of the need for farm building improvement, the increase of $1,350,000 for repair and improvement grants is required.

It is expected that more than half of the increase requested would be used in combination with loans to 4,500 farm owner-occupants able to pay part but not all of the cost of needed repairs and improvement. The remainder of the increase would be used for grants only to 2,500 owner-occupants where the family is unable to make any payment for necessary improvements.

(6) An increase of $2,110,325 under project 5(a) "Making loans and grants and insuring mortgages" consisting of the following:

(a) An increase of $618,025 for making, and servicing during the first year loans made possible by Public Law 361 to homestead entrymen and others on reclamation projects. These loans will be concentrated in areas in which new farming patterns are being developed as a result of water being made available to lands heretofore used for limited grazing or exceedingly hazardous dry farming operations. The Farmers' Home Administration has very few representatives in these areas because of the previously scattered agricultural population.

If the settlers who are occupying these new lands are to become successful farmers, they will require constructive guidance in the development of their units and in planning and carrying out sound farming programs.

This new and heavy responsibility can be met in some areas by expanding existing county office staffs. In other areas it will be necessary to open new county offices, as in the Yakima, Washington area where approximately 1,000 new farms are being opened for settlement and the present county office serves a land area of 6,185 square miles in which there are about 7,700 farms with 500,000 crop acres.

Most of the new lands are completely undeveloped and are without buildings for families and livestock. Land development is a prerequisite to success and the manner in which the development is carried out will affect the operators' future income for many years. The guidance needed in this phase of settlement activity is increased because many of the new settlers are young veterans who have had no previous experience in farm development and whose wives have had little or no experience in home making, particularly in the unusually difficult situations with which new settlers are confronted.

(b) An increase of $1,442,300 for making the additional farm housing loans and grants in 1951. The amount of $2,577,700, including an estimate of $77,700 for pay act costs, is available for making loans and grants to about 13,400 individual farm owners in 1950. The total estimate of $55,000,000 for farm housing loans and grants in 1951 will provide about 28,900 farm owners with loans, combination loans and grants or grants alone. This is an increase of 15,500 over 1950 in the number of farm owners who will receive assistance.

The increase of $1,442,300 represents an increase of only 56% in the cost of making loans and grants as compared to an increase of more than 115% in the number of farm owners to receive assistance. It is expected that because of the training being given field employees in 1950, that this increase in the volume of loans and grants can be handled with a substantial savings in costs. This estimate and the estimate of $617,000 under Project 5(b) for servicing farm housing loans and grants made in 1950, represents an increase of about 491 average annual employees, including about 48 for county committeemen, primarily to carry for a full year employees carried for only a portion of the fiscal year 1950. The increase in the number of permanent positions attributable to farm housing in 1951 over 1950, however, amounts to only about 61 positions. The program did not get started until about November 1, 1949, thus providing only 8 months in the 1950 fiscal year to process the approximately 13,400 loans and grants in that year. It will be necessary to make some increases in the number of farm appraisal and engineering personnel whose services are required in connection with substantially all of the loans. The balance of the 61 positions will be in county offices where applications are received and loans are actually made.

(c) Increase of $50,000 (Transfer of receipts from the "Farm Tenant-Mortgage Insurance Fund") to provide a portion of the cost of insuring mortgage loans in 1951. During the fiscal year 1950, the amount of $30,000 is available, by transfer from the Farm Tenant-Mortgage Insurance Fund, for expenses in connection with insuring mortgages. The Farmers' Home Administration insures loans under procedures and requirements substantially the same as for direct farm ownership loans. The government is responsible for the collecting and servicing of insured mortgages and the remittance of collections to the mortgagees. Provision is made for fees for inspection and appraisal, and for an initial and annual charge of ½ of 1 percent to be used for administrative expenses relating to mortgage insurance. It is estimated that such collections in 1950 will provide about $80,000 to be used for these expenses in 1951, an increase of $50,000 over the amount available in 1950.

(7) An increase of $979,060 under Project 5(b) "Collecting and servicing outstanding loans and insured mortgages" as follows:

(a) Increase of $617,000 for servicing in 1951 approximately 12,400 farm housing loans made in 1950. It is expected that approximately 12,400 loans made in 1950 will be outstanding and require servicing in 1951. Many of these loans will be made in the closing months of the 1950 fiscal year and actual construction will not begin until 1951. The responsibility of the Farmers' Home Administration in connection with these loans includes a determination that the buildings are substantially constructed and in accordance with plans and specifications. Practical guidance, in the form of construction supervision and inspection, is provided all borrowers as required. In addition, many farm owners will be given guidance in improved farm and home practices designed to increase income sufficiently to repay the loans for farm housing and other farm buildings. County supervisors and engineering personnel will be required in 1951 to provide these services.

(b) Increase of $362,060 for servicing in 1951 insured mortgages made in prior years and the additional production and subsistence loans to be made in 1950. Additional funds will be needed in servicing the approximately 3,700 insured mortgage loans that will be outstanding on June 30, 1950. There is available for the expense of insuring mortgages in connection with insured mortgage loans an annual service charge of one-half of one percent of the principal balance due plus a fee of $20 for each loan closed. The total available in 1951 from this source is estimated to be $80,000. All of this amount will be required for insuring new loans and none of the funds from this source will be available for servicing the 3,700 loans insured in prior years. Since the Farmers' Home Administration Act of 1946 provides that the Government is responsible for the collection and servicing of insured mortgages and the remittance of collections to the mortgagees, additional funds are needed for servicing the outstanding accounts. In addition to the collection activity, the Farmers' Home Administration provides supervisory assistance in farm and home management to these families in the same manner as for direct farm ownership loan borrowers.

(8) Increase of $253,915 to place on a full-year basis in 1951 pay adjustments under P. L. 429 which were in effect for only a part of the fiscal year 1950.

Additional funds are also needed to service the estimated 8,363 production and subsistence loans made with the $10 million increase in loan appropriations in 1950 as compared with 1949. Since it is expected that all of these loans will be made to veterans who are becoming established in farming through this loan assistance, the need for supervisory assistance will be intensified. Many of them are beginning to operate farms for the first time and will need technical assistance and advice in planning and placing in effect proper and efficient farm and home management practices.

CHANGES IN LANGUAGE

The estimates include proposed changes in language as follows (new language underscored; deleted matter enclosed with brackets):

1 [For expenses necessary, including personal services in the
2 District of Columbia, to] To carry into effect the provisions of titles I, II, and the related provisions of title IV of the Bankhead-Jones Farm Tenant Act, as amended (7 U.S.C. 1000-1032), the Farmers' Home Administration Act of 1946 (7 U.S.C. 1001, note; 31 U.S.C. 82h; 12 U.S.C. 371; 35 U.S.C. 535; 60 Stat. 1079,
3 1080); the Act of July 30, 1946 (40 U.S.C. 436-439)[, and]; the Act of October 19, 1949 (Public Law 361); the Act of August 28, 1937, as amended (16 U.S.C. 590r-590x, 590z-5), for the development of facilities for water storage and utilization in
4 the arid and semiarid areas of the United States; and the provisions of title V of the Housing Act of 1949 relating to financial assistance for farm housing (Public Law 171, approved July 15, 1949), as follows:

5 Loans: For loans (including payments in lieu of taxes and taxes under section 50 of the Bankhead-Jones Farm Tenant Act, as amended, and advances incident to the acquisition and preservation of security of obligations under the foregoing several authorities):
6 Title I and section 43 of title IV [(including payments in lieu
7 of taxes and taxes under section 50), $15,000,000] of the Bankhead-Jones Farm Tenant Act, as amended, $20,000,000; title II of said Act, $85,000,000; the Act of August 28, 1937, [$3,000,000] $5,000,000: Provided, That not to exceed the foregoing several amounts shall be borrowed in one account from the Secretary of the Treasury on the request of the Secretary of Agriculture, at such rate of interest as may be determined by the Secretary of the Treasury, but not in excess of 3 per centum per annum; and the Secretary of the Treasury is hereby authorized and directed to lend such sums to the Secretary upon the security of any obligations of borrowers from the Secretary under the provisions of said Acts: Provided further, That the Secretary may utilize proceeds from payments of principal and interest under such Acts to repay the Secretary of the Treasury the amounts borrowed therefrom for the purposes of such Acts: Provided further, That
8 for the purpose of making loans pursuant to [this paragraph] the foregoing authority, the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any

securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act are extended to include such loans to the Secretary: Provided further, That repayments to the Secretary of the Treasury on such loans shall be treated as a public-debt
9 transaction; and title V of the Housing Act of 1949 (except loans under 504(b)), to be borrowed from the Secretary of the Treasury in accordance with the provisions of section 511 of said Act, $50,000,000, to remain available until expended.

10 Grants and loans: For grants for the purpose of section 504(a) and for loans under section 504(b) of the Housing Act of 1949, $5,000,000, to remain available until expended.

Salaries and expenses: For the making, servicing, and collecting
11 of loans /, insuring/ and insured mortgages, the servicing and
12 collecting of loans made under prior authority, /and/ the liquidation of assets transferred to Farmers' Home Administration pursuant to the Farmers' Home Administration Act of 1946,
13 /$23,649,000/ and the extension of financial assistance under
14 the Housing Act of 1949, including personal services in the District of Columbia, $30,000,000, together with a transfer to
15 this appropriation item of not to exceed /$40,000/ $80,000 of the fees and administrative expense charges made available by subsections (d) and (e) of section 12 of the Bankhead-Jones Farm Tenant Act, as amended.

The first and fourteenth changes merely alter the position in the text of the authority for incurring personal service expenses in the District of Columbia.

The second, eight, eleventh and twelfth changes represent minor editorial revisions necessary in order to conform with major changes in the language.

The third change is proposed for the purpose of including reference to the Act of October 19, 1949 (Public Law 361) authorizing loans, under the provisions of the Bankhead-Jones Farm Tenant Act, as amended, and the Act of August 28, 1937, as amended, to homestead entrymen on public lands or contract purchasers of other lands of the United States in reclamation projects.

The fourth, ninth, tenth and thirteenth changes are proposed to include reference to financial assistance for farm housing, authorized in Title V of the Housing Act of 1949 (Public Law 171, approved July 15, 1949). It is proposed that this activity be carried as part of this appropriation item in 1951. The proposed language would make the amount of $50,000,000 to be borrowed from the Secretary of the Treasury for loans, and the amount of $5,000,000 to be appropriated for grants and loans, available until expended. This is in accordance with the provisions of section 511 of the Act which provides that "The Secretary may issue notes and other obligations for purchase by the Secretary of the Treasury in such sums as the Congress may from time to time determine

to make loans under this title (other than loans under section 504(b)) not in excess of $25,000,000 on and after July 1, 1949, an additional $50,000,000 on and after July 1, 1950, an additional $75,000,000 on and after July 1, 1951 and an additional $100,000,000 on and after July 1, 1952 ***". Section 513 of the Act provides "There is hereby authorized to be appropriated to the Secretary *** $2,000,000 for grants pursuant to section 504(a) and loans pursuant to section 504(b) on and after July 1, 1949, which amount shall be increased by further amounts of $5,000,000, $8,000,000, and $10,000,000 on July 1 of each of the years 1950, 1951, and 1952, respectively ***". The previous language contained in the Supplemental Appropriation Act, 1950 limited the availability of the amount to be borrowed from the Secretary of the Treasury for building loans to June 30, 1953, and the amount appropriated for grants and loans to the one fiscal year. The fact that grants for minor repairs and improvements and loans for enlargement and development from appropriated funds are generally made in connection with building loan assistance from borrowed funds makes it essential that the two funds be available for the same period of time.

The fifth change is proposed to make clear that "advances incident to the acquisition and preservation of security of obligations" can be paid from loan funds as a recoverable charge against the borrower or as a capitalized charge against the security in those cases where security property is acquired by the Government. Occasionally the Government acquires real property or chattel security through foreclosure, voluntary liquidation, or otherwise, and certain expenses, such as minor repairs and improvements prior to resale, recording fees, etc., are incurred. This change will specifically authorize the payment of these advances as well as the payment of taxes and payments in lieu of taxes previously authorized, from loan funds, thus nullifying the implication that salaries and expenses funds are to be available for payment of these recoverable costs as a part of the expense of "making, servicing and collecting of loans."

The sixth change deletes the phrase "(including payments in lieu of taxes and taxes under section 50)" included in the amended language under the fifth change.

The seventh change is merely to clearly identify titles I and II as being a part of the Bankhead-Jones Farm Tenant Act, as amended.

The fifteenth change is proposed to raise the authorized amount to be transferred to this appropriation from the Farm Tenant-Mortgage Administrative Fund from $40,000 in 1950 to $80,000 in 1951. The actual amount transferred in 1950 is $30,000 or a reduction of $10,000 under the estimate. Administrative expense charges on outstanding insured loans and on loans to be insured in 1950 are expected to be about $80,000 in 1950 available for transfer in 1951.

STATUS OF PROGRAM

Direct and Insured Farm Ownership Loans - Title I

Title I of the Bankhead-Jones Farm Tenant Act as amended authorizes direct and insured farm ownership loans for the purchase and improvement of family-type farms and for the enlargement and improvement of undersized and underdeveloped farms. This program is designed to assist farm tenants, sharecroppers, and farm laborers attain farm ownership and to assist owners of inadequate farms in making needed enlargements and improvements where necessary to assure efficient family-type units.

Farm real estate prices have declined from the high point of the war and immediate post war years for the United States as a whole and in some areas the decline has been marked; thus more farms are available at sound earning capacity prices to families applying for farm ownership loans. Some softening in farm improvement costs and the price of building materials, together with the greater availability of materials for improvements are increasing the opportunity of families to develop and improve their farms into economic family-type units provided that credit for these improvements is available.

1. Source of Funds: Direct loans are made from Federal funds in amounts up to 100% of the value of the farm and necessary repairs and improvements. Similar loans made by private lenders up to 90% of the value of the farm and necessary repairs and improvements may be fully insured by the Government.

2. Distribution of Funds: Direct loan funds and authorizations to insure mortgages are distributed among the states and territories on the basis of farm population and the prevalence of tenancy. Adjustments among states may be made to take care of applications from veterans.

3. Type of Loans: There are three types of farm ownership loans: (a) Tenant purchase loans to buy and develop family-type farms; (b) farm enlargement loans to buy additional land and to convert undersized units into efficient family-type farms; (c) farm development loans to develop underimproved units into efficient family-type farms. Farm enlargement and farm development loans are receiving increasing attention.

   Disabled veterans may receive loans to purchase, enlarge, or develop units that constitute less than efficient family-type units.

4. Terms of Loans: Loans are amortized over a 40 year period. Borrowers are encouraged under a variable payment plan to pay more than an annual installment in years of good income in order to build a reserve which can be used in years of low income. On loans made since June 19, 1948, direct loan borrowers pay four percent interest and insured loan borrowers pay three percent interest plus a one percent annual mortgage

insurance charge. Borrowers are required to refinance their loans with responsible private or cooperative credit sources whenever they are able to obtain such refinancing at reasonable rates and terms.

5. Limitations on Loans: Loans are limited to farms which have a value, as acquired, enlarged, or improved, not in excess of the average value of efficient family-type farm-management units in the county where the loan is made. In addition, there is an administrative limit of $12,000 which applies to the total investment in any farm. (Investments in excess of this ceiling may be made only by prior approval by the Administrator). In making each loan, a normal earning capacity appraisal based upon long time yields, prices, and production costs is made by a competent appraiser. As a further safeguard, the fair and reasonable value of each farm, based upon its normal earning capacity, after contemplated improvements are made, is determined by a local county committee composed of three men, at least two of whom are farmers. No loan may be made in excess of the amount certified by the county committee to be the fair and reasonable value of the farm.

6. Eligibility: Farm tenants, farm laborers, sharecroppers and owners who are unable to obtain needed credit from private and cooperative credit sources are eligible for loans. Preference is given to applications from veterans and special provisions are made for loans to disabled veterans. Since passage of Public Law 361 on October 19, 1949, loans may be made to homestead entrymen on public land and to other persons contracting for the purchase of other land of the United States in reclamation projects.

7. Supervision and Technical Services: Borrowers are given assistance as needed by local county supervisors and by engineers in making the improvements and adjustments necessary to the efficient operation of their farms and homes.

8. Progress of Program:

A. Applications: An increase of 21% occurred in the number of applications received in the fiscal year 1949 as compared with 1948. A 15% increase occured in veteran applications in 1949, and at the beginning of 1950 there were 41,244 applications on hand for consideration of which 24,512 were from veterans. Applications received in 1948 and 1949 and estimated for 1950 are summarized below.

Fiscal Year	Applications Received During Fiscal Year		
	Veterans	Non-Veterans	Total
1948	22,906	14,044	36,950
1949	26,245	18,475	44,720
1950 (Estimated)	33,300	16,700	50,000

See Tables I and II for distribution by states.

B. Loans: Cumulative activity for direct and insured loans is outlined below.

(1) Direct Loans

Approximately 60,000 direct loans for more than $347,000,000 have been made from the inception of the program in 1938 to June 30, 1949. In the 1947 fiscal year with $50,000,000 appropriated, over 5,500 loans were made. In 1948 and 1949 with $15,000,000 appropriated about 1,900 families received loans each year. Consistent with veteran preference provisions in the Farmers' Home Administration Act of 1946, veterans received approximately 3,000 loans in the two years 1948 and 1949. The unsatisfied demand from veterans during 1949 has been such that few loans will be made to non-veterans in 1950.

(2) Insured Loans

The insured loan phase of the program was started in October of 1947. A material increase has occurred in this program since passage of Public Law 720 (80th Congress) increasing the effective interest rate from 2½ to 3 percent and assuring private lenders a secondary market for mortgages. It is estimated that during the 1950 fiscal year the number of insured loans will be increased substantially above 1949.

Applicants are considered for insured loans before being considered for direct loans. However, many applicants, both veteran and non-veteran, are unable to meet the 10 percent down-payment requirement of the insured mortgage program. Also, in many areas loans from private lenders have not been available although this situation is gradually being improved.

Direct and insured loan activity is shown in the following tables:

Initial Direct Loans

Fiscal Year	Veteran Loans		Percent Loans to Veterans (Number)	Total	
	Number	Amount		Number	Amount
1947	3,059	$23,834,744	55	5,561	$42,137,663
1948	1,468	10,647,574	79	1,854	13,588,892
1949	1,489	11,020,811	78	1,906	13,982,474
1950 (Est.)	1,960	14,278,600	98	2,000(Est.)	14,570,000
		Insured Loans			
1948	58	357,550	17	340	2,422,965
1949	326	2,077,289	28	1,181	8,116,155
1950 (Est.)	660	4,224,000	30	2,200(Est.)	15,500,000

See Tables I, II, III and IV for distribution by states.

C. Repayment Progress: As of March 31, 1949, $342,507,319 had been advanced to 59,332 families for the purchase, enlargement and development of their farms since 1938 under the direct loan phase of the program, and $157,546,047 in principal had been collected by March 31, 1949. In addition, $39,360,491 had been paid in interest. At the same date 19,378 of these families had satisfied their loans in full and about 22 percent, or 13,144, had paid their accounts in full and continued to operate their farms. About 1,100 of these 13,144 borrowers had refinanced their loans through other credit sources. The balance of 6,234 had also paid their accounts in full but were no longer operating the farms. This number includes some unsuccessful borrowers whose loans were paid in full through liquidation.

Principal and interest payments made by the 39,954 borrowers owing balances on March 31, 1949 were $66,686,591, which was $20,498,253, or 44 percent, more than required on a scheduled amortization basis. In addition, the accounts of these borrowers have been credited with $10,668,788, in refunds and extra payments which were not applied to scheduled installments. As of March 31, 1949, a total of 26,241 borrowers were ahead of schedule $22,470,045 or an average amount of $856 and 6,089 borrowers were behind schedule $1,971,792 or an average amount of $324. The remaining 7,624 borrowers were on schedule. See Table V for distribution by states.

D. Improved Financial Position of Borrowers: An indication of the increase in income and the improved net worth of those receiving Farm Ownership loans is shown by the following figures reported for active borrowers:

	Year Before Receiving Loan	1948 Crop Year	Percent of Increase
Cash family income	$1,563	$4,378	180
Net worth	2,058	6,839	232

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table I - Farm Tenancy: Loan Applications and Number of Initial Loans Made or Insured, 1948 and 1949 Fiscal Years and Cumulative From Inception of Program

State and territory	1948 fiscal year					1949 fiscal year						Direct loans made 1938 through 1949 fiscal years		Loans insured 1948 and 1949 fiscal years	
	Number of loan applications			Number of direct loans made	Number of loans insured	Number of loan applications				Number of direct loans made	Number of loans insured				
	On hand beginning of year	Received during year	Total for consideration			On hand beginning of year	Received during year	Total for consideration	On hand end of period			Number	Average amount 1/	Number	Average amount
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
U. S. Total.....	53,535	36,950	90,485	1,854	340	34,956	44,720	79,676	41,244	1,906	1,181	54,324	$6,021	1,521	$6,929
Alabama.....	4,001	2,596	6,597	98	21	2,677	3,050	5,727	3,148	104	19	3,700	4,627	40	5,743
Arizona.....	52	166	218	9	0	52	60	112	63	7	1	65	9,648	1	10,600
Arkansas.....	4,089	2,769	6,858	133	6	2,423	2,925	5,348	2,699	104	19	3,004	4,648	25	3,939
California.....	429	277	706	20	1	364	328	692	343	8	3	359	9,496	4	9,409
Colorado.....	621	388	1,009	13	4	314	346	660	302	6	4	311	9,590	8	9,790
Connecticut.....	41	24	65	2	0	61	20	81	22	3	0	35	9,584	0	0
Delaware.....	33	28	61	1	1	11	19	30	28	2	0	79	6,329	1	7,200
Florida.....	1,279	535	1,814	21	2	539	807	1,346	762	25	0	474	5,164	2	4,538
Georgia.....	4,715	3,082	7,797	105	20	2,617	4,001	6,618	4,046	138	65	4,694	4,221	85	4,566
Idaho.....	637	320	957	35	0	383	439	822	459	28	2	368	8,058	2	7,575
Illinois.....	341	358	699	13	10	225	408	633	415	24	10	866	9,116	20	7,096
Indiana.....	580	573	1,153	22	9	540	753	1,293	713	20	23	770	8,596	32	9,064
Iowa.....	270	869	1,139	26	10	787	624	1,411	883	57	34	1,061	8,803	44	7,968
Kansas.....	1,082	982	2,064	70	33	949	932	1,881	846	51	97	1,000	8,744	130	8,660
Kentucky.....	1,390	1,111	2,501	32	11	1,310	1,074	2,384	1,115	28	7	1,067	7,195	18	8,454
Louisiana.....	1,907	860	2,767	30	1	892	1,445	2,337	1,303	43	14	1,641	5,672	15	6,301
Maine.....	175	101	276	11	0	127	162	289	172	15	0	143	6,428	0	0
Maryland.....	186	151	337	10	5	148	196	344	142	14	15	282	7,483	20	7,359
Massachusetts.....	60	79	139	6	0	42	102	144	74	8	3	77	8,106	3	9,633
Michigan.....	361	548	909	36	26	423	608	1,031	534	13	46	833	6,175	72	7,867
Minnesota.....	482	842	1,324	79	33	470	995	1,465	586	79	92	2,006	5,326	125	6,682
Mississippi.....	3,757	2,416	6,173	114	3	1,982	2,914	4,896	2,621	143	23	3,850	5,594	26	5,185
Missouri.....	2,525	1,974	4,499	121	22	2,006	2,587	4,593	2,237	109	169	2,163	5,968	191	6,156
Montana.....	660	276	936	13	0	219	257	476	252	15	5	362	7,361	5	8,502
Nebraska.....	1,192	437	1,629	31	3	512	725	1,237	707	25	27	764	9,946	30	9,874
Nevada.....	54	40	94	4	0	34	81	115	68	1	0	25	10,859	0	0
New Hampshire.....	78	47	125	2	0	27	98	125	70	3	0	35	5,861	0	0
New Jersey.....	138	181	319	14	7	106	208	314	113	21	9	202	8,958	16	9,065
New Mexico.....	504	157	661	14	0	235	170	405	112	13	0	183	9,802	0	0
New York.....	396	352	748	23	9	268	285	553	185	11	15	627	6,350	24	6,821
North Carolina.....	2,792	2,123	4,915	91	17	1,946	2,509	4,455	2,000	125	54	3,084	4,635	71	4,947
North Dakota.....	672	342	1,014	15	12	351	553	904	474	12	28	592	7,557	40	8,768
Ohio.....	499	613	1,112	38	4	442	898	1,340	611	40	11	924	7,872	15	7,613
Oklahoma.....	3,062	1,898	4,960	118	4	1,960	1,652	3,612	1,387	87	24	2,896	5,861	28	6,959
Oragon.....	448	177	625	12	1	224	231	455	244	8	6	377	6,235	7	9,300
Pennsylvania.....	802	528	1,330	26	7	437	701	1,138	544	39	45	834	6,158	52	6,183
Rhode Island.....	5	5	10	2	0	7	4	11	7	0	0	5	8,014	0	0
South Carolina.....	1,349	977	2,326	56	0	1,117	1,228	2,345	1,425	86	15	2,362	4,507	15	5,386
South Dakota.....	522	318	840	17	7	257	570	827	550	13	16	586	7,964	23	9,415
Tennessee.....	2,218	1,507	3,725	58	0	1,523	1,980	3,503	1,776	75	9	1,919	5,683	9	6,850
Texas.....	5,416	2,977	8,393	113	11	3,365	3,564	6,929	3,305	104	86	4,636	7,720	97	7,973
Utah.....	308	229	537	39	0	289	349	638	393	26	3	258	9,337	3	11,242
Vermont.....	156	103	259	13	0	124	177	301	118	22	2	147	6,417	2	6,802
Virginia.....	469	523	992	22	6	363	595	958	554	27	2	1,009	5,623	8	5,690
Washington.....	476	437	913	17	0	479	394	873	594	17	5	306	7,539	5	10,530
West Virginia.....	332	326	658	16	2	279	350	629	318	16	17	536	4,925	19	5,062
Wisconsin.....	571	671	1,242	43	32	387	990	1,377	635	43	155	1,614	4,778	187	6,380
Wyoming.....	179	99	278	13	0	77	68	145	37	7	1	198	7,617	1	9,225
Alaska.....	5	7	12	3	0	4	4	8	1	0	0	5	9,862	0	0
Hawaii.....	16	75	91	26	0	34	94	128	85	20	0	248	6,183	0	0
Puerto Rico.....	1,203	472	1,675	8	0	546	1,184	1,730	1,160	19	0	740	5,068	0	0
Virgin Islands.....	0	4	4	0	0	2	6	8	6	2	0	2	2,794	0	0

Note: This table includes all Tenant Purchase, Farm Enlargement, and Farm Development loans from appropriated funds and such loans made by private lenders which are insured by the Government.

1/ Average amount of initial and subsequent loans.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table [illegible] - Farm Tenancy: Loan Applications From Veterans, Number of Initial Loans Made or Insured, and Average Amount, 1948 and 1949 Fiscal Years and Cumulative From 1945 Fiscal Year

State and territory	1948 fiscal year							1949 fiscal year								Direct loans made 1945 through 1949 fiscal years		Loans insured 1948 and 1949 fiscal years	
	Number of loan applications			Direct loans made		Loans insured		Number of loan applications				Direct loans made		Loans insured					
	On hand beginning of year	Received during year	Total for consideration	Number	Average amount	Number	Average amount	On hand beginning of year	Received during year	Total for consideration	On hand end of period	Number	Average amount	Number	Average amount	Number	Average amount 1/	Number	Average amount
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
U. S. Total.....	27,117	22,906	50,023	1,468	$7,253	58	$6,165	20,471	26,245	46,716	24,512	1,489	$7,401	326	$6,372	7,997	$7,695	384	$6,341
Alabama.....	1,998	1,795	3,793	85	5,940	11	5,540	1,620	2,111	3,731	2,105	91	5,954	3	5,461	343	6,127	14	5,523
Arizona.....	39	78	117	5	9,136	0	0	35	44	79	53	6	11,488	0	0	27	10,851	0	0
Arkansas.....	2,327	1,904	4,231	118	4,684	0	0	1,613	1,931	3,544	1,732	79	5,036	12	3,502	545	5,065	12	3,502
California.....	208	153	361	17	11,124	0	0	144	202	346	200	5	11,308	1	8,460	51	11,504	1	8,460
Colorado.....	358	238	596	6	10,258	0	0	219	206	425	174	5	10,486	2	9,825	48	10,857	2	9,825
Connecticut.....	24	15	39	1	8,685	0	0	36	13	49	15	2	8,322	0	0	13	9,948	0	0
Delaware.....	15	12	27	0	0	0	0	5	9	14	13	1	7,000	0	0	19	7,492	0	0
Florida.....	917	369	1,286	15	5,198	1	3,000	386	567	953	520	21	6,382	0	0	140	6,744	1	3,000
Georgia.....	2,078	1,783	3,861	81	5,317	5	4,295	1,382	2,134	3,516	2,827	87	5,202	32	4,357	455	5,617	37	4,348
Idaho.....	439	234	673	31	9,387	0	0	263	318	581	313	25	10,247	1	9,700	134	10,382	1	9,700
Illinois.....	131	174	305	9	7,787	1	10,635	98	187	285	180	16	7,851	3	4,887	42	8,086	4	6,324
Indiana.....	187	241	428	12	9,149	0	0	199	324	523	292	14	8,957	1	4,600	74	8,997	1	4,600
Iowa.....	52	489	541	22	8,471	0	0	414	264	678	391	40	9,241	4	6,838	66	9,025	4	6,838
Kansas.....	343	431	774	61	9,337	1	6,480	383	481	864	396	48	9,748	19	9,109	198	9,545	20	8,977
Kentucky.....	554	609	1,163	24	8,040	4	7,316	622	602	1,224	604	22	8,646	1	9,900	87	8,618	5	7,833
Louisiana.....	1,010	592	1,602	23	6,028	0	0	565	802	1,367	799	35	6,604	2	5,775	143	6,520	2	5,775
Maine.....	158	88	246	11	6,501	0	0	110	129	239	142	14	6,822	0	0	91	7,288	0	0
Maryland.....	86	67	153	7	8,279	1	5,850	67	77	144	65	11	8,257	0	0	69	8,608	1	5,850
Massachusetts.....	49	53	102	5	10,036	0	0	23	61	84	43	6	8,645	0	0	44	9,110	0	0
Michigan.....	160	283	443	31	9,835	3	7,027	216	337	553	276	12	9,117	13	7,118	145	9,374	16	7,101
Minnesota.....	218	485	703	66	5,919	2	9,292	219	590	809	300	64	6,418	20	5,763	327	6,397	22	6,084
Mississippi.....	2,101	1,738	3,839	103	6,206	2	4,800	1,376	1,814	3,190	1,573	109	6,944	15	5,509	554	6,835	17	5,426
Missouri.....	1,211	1,146	2,357	98	6,902	3	5,298	1,091	1,521	2,612	1,265	93	7,315	32	6,275	373	7,313	35	6,191
Montana.....	517	198	715	9	10,319	0	0	139	154	293	161	13	10,585	0	0	95	10,891	0	0
Nebraska.....	354	228	582	18	10,649	1	9,450	231	318	549	309	21	11,161	5	10,029	96	10,549	6	9,932
Nevada.....	33	33	66	3	11,767	0	0	25	42	67	42	1	9,500	0	0	18	11,369	0	0
New Hampshire.....	52	27	79	1	6,545	0	0	14	53	67	38	3	9,067	0	0	11	8,269	0	0
New Jersey.....	116	136	252	9	8,689	4	9,197	74	170	244	88	18	8,869	3	8,983	130	9,332	7	9,105
New Mexico.....	408	127	535	8	10,194	0	0	190	142	332	86	11	11,423	0	0	91	11,141	0	0
New York.....	295	206	501	18	7,800	2	4,551	155	165	320	102	8	7,695	6	7,382	229	7,220	8	6,674
North Carolina.....	931	1,182	2,113	80	5,529	2	3,765	986	1,297	2,283	961	95	5,909	16	4,205	287	5,655	18	4,156
North Dakota.....	372	162	534	6	9,722	1	7,560	179	229	408	215	11	9,793	8	8,399	105	9,918	9	8,306
Ohio.....	146	349	495	32	8,629	1	4,300	230	502	732	330	30	7,786	4	9,648	90	8,565	5	8,578
Oklahoma.....	1,650	1,282	2,932	92	6,730	0	0	1,261	1,181	2,442	950	71	7,409	5	6,267	509	7,136	5	6,267
Oregon.....	327	116	443	8	10,513	0	0	147	121	268	136	5	11,560	0	0	68	10,935	0	0
Pennsylvania.....	479	324	803	19	6,727	4	4,986	260	417	677	338	33	6,333	17	5,962	232	6,709	21	5,776
Rhode Island.....	2	2	4	0	0	0	0	2	4	6	6	0	0	0	0	1	10,900	0	0
South Carolina.....	550	622	1,172	43	5,242	0	0	640	769	1,409	872	63	5,724	5	5,292	162	5,774	5	5,292
South Dakota.....	203	140	343	9	9,326	0	0	128	265	393	260	11	10,215	3	8,940	75	9,891	3	8,940
Tennessee.....	1,014	1,020	2,034	47	7,099	0	0	966	1,104	2,070	1,078	54	7,059	2	8,050	182	7,534	2	8,050
Texas.....	3,154	2,004	5,158	83	9,672	2	6,165	2,184	2,149	4,333	1,992	79	9,368	35	7,735	824	9,599	37	7,650
Utah.....	283	209	492	38	10,316	0	0	252	263	515	326	23	10,961	1	12,425	182	10,646	1	12,425
Vermont.....	94	57	151	5	6,686	0	0	74	100	174	64	17	7,569	0	0	75	7,364	0	0
Virginia.....	110	228	338	20	7,677	0	0	156	318	474	272	17	7,881	0	0	71	7,737	0	0
Washington.....	268	291	559	16	10,892	0	0	310	233	543	373	15	10,795	2	10,800	51	10,806	2	10,800
West Virginia.....	156	211	367	11	5,964	0	0	180	241	421	213	14	5,913	3	4,193	60	6,186	3	4,193
Wisconsin.....	271	371	642	28	7,627	7	6,820	212	496	708	321	37	7,033	50	5,909	208	6,916	57	6,021
Wyoming.....	151	67	218	12	10,977	0	0	55	39	94	25	4	11,602	0	0	75	10,635	0	0
Alaska.....	1	7	8	3	9,783	0	0	4	4	8	1	0	0	0	0	5	9,862	0	0
Hawaii.....	6	26	32	14	8,305	0	0	8	51	59	42	12	8,158	0	0	27	8,140	0	0
Puerto Rico.....	511	300	811	5	7,433	0	0	321	692	1,013	630	16	7,378	0	0	49	5,822	0	0
Virgin Islands.....	0	4	4	0	0	0	0	2	2	4	3	1	3,974	0	0	1	3,974	0	0

Note: This table includes Tenant Purchase, Farm Enlargement, and Farm Development loans from appropriated funds and such loans made by private lenders which are insured by the Government.

1/ Average amount of initial and subsequent loans.

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Table III - Farm Tenancy: Direct Loan Program - Total Amount Loaned, Number of New Borrowers and Amount Loaned by Loan Purposes, 1949 Fiscal Year

State and territory	Amount loaned			Loans to new borrowers						
						Amount loaned by loan purposes				
	Total	To prior year borrowers and for recovereble costs	To new borrowers	Number	Average amount loaned	Purchase of farm and incidentel costs	Land improvement	Buildings other than dwellings	Dwellings, new and repair	Refinancing
	1	2	3	4	5	6	7	8	9	10
U. S. Total:										
Percent distribution..	-	-	100.0%	-	-	65.0%	3.6%	9.6%	13.5%	8.3%
Amount.....	$14,997,585	$1,015,111	$13,982,474	1,906	$7,336	$9,086,666	$496,233	$1,339,568	$1,893,034	$1,166,973
Alabama.....	687,201	89,049	598,152	104	5,751	374,679	8,075	57,190	121,957	36,251
Arizona.....	84,437	112	84,325	7	12,046	35,750	10,125	8,900	17,450	12,100
Arkansas.....	574,996	47,190	527,806	104	5,075	298,352	8,919	55,845	101,315	63,375
California.....	95,621	2,781	92,840	8	11,605	45,250	5,675	14,355	11,400	16,160
Colorado.....	72,623	9,063	63,560	6	10,593	26,680	0	9,065	4,070	23,745
Connecticut.....	26,865	800	26,065	3	8,688	14,620	510	1,945	1,620	7,370
Delaware.....	14,758	358	14,400	2	7,200	12,665	150	414	1,171	0
Florida.....	167,534	10,502	157,032	25	6,281	114,036	11,305	4,855	20,586	6,250
Georgia.....	783,036	78,021	705,015	138	5,109	443,768	25,372	52,490	142,625	40,760
Idaho.....	297,347	8,217	289,130	28	10,326	158,570	13,610	29,140	42,575	45,235
Illinois.....	183,809	6,434	177,375	24	7,391	90,402	17,100	14,228	3,963	51,682
Indiana.....	194,023	348	193,675	20	9,684	140,794	13,805	19,336	3,990	15,750
Iowa.....	536,045	805	535,240	57	9,390	406,005	15,910	27,249	13,361	72,715
Kansas.....	526,661	28,861	497,800	51	9,761	395,532	9,425	38,517	30,301	24,025
Kentucky.....	258,403	16,886	241,517	28	8,626	154,883	20,682	18,710	18,245	28,997
Louisiana.....	321,453	31,278	290,175	43	6,748	128,535	24,645	20,750	90,545	25,700
Maine.....	108,950	7,010	101,940	15	6,796	80,655	0	15,665	5,620	0
Maryland.....	121,507	1,440	120,067	14	8,576	78,507	1,665	21,350	11,395	7,150
Massachusetts.....	75,843	2,253	73,590	8	9,199	47,860	2,300	9,050	4,565	9,815
Michigan.....	130,719	9,984	120,735	13	9,287	85,864	2,500	10,355	8,160	13,856
Minnesota.....	523,013	15,128	507,885	79	6,429	389,600	7,895	58,267	20,828	31,295
Mississippi.....	1,129,064	146,739	982,325	143	6,869	572,923	20,610	81,377	289,645	17,770
Missouri.....	815,115	24,248	790,867	109	7,256	508,177	55,135	61,730	51,800	114,025
Montana.....	162,053	2,258	159,795	15	10,653	64,655	5,085	24,225	39,110	26,720
Nebraska.....	282,492	6,167	276,325	25	11,053	226,305	5,335	20,780	18,145	5,760
Nevada.....	9,668	168	9,500	1	9,500	0	3,175	1,950	825	3,550
New Hampshire.....	29,100	1,900	27,200	3	9,067	14,575	0	8,110	930	3,585
New Jersey.....	210,997	16,543	194,454	21	9,260	104,858	2,825	50,489	5,527	30,755
New Mexico.....	150,264	4,209	146,055	13	11,235	67,228	5,755	15,390	35,682	22,000
New York.....	101,020	15,060	85,960	11	7,815	69,120	360	7,560	5,120	3,800
North Carolina.....	747,912	24,432	723,480	125	5,788	465,305	29,975	71,725	91,580	64,895
North Dakota.....	119,923	2,553	117,370	12	9,781	94,280	1,075	14,480	7,535	0
Ohio.....	328,725	6,920	321,805	40	8,045	226,315	14,555	28,515	7,440	44,980
Oklahoma.....	707,717	58,822	648,895	87	7,459	497,269	7,070	49,894	58,697	35,965
Oregon.....	99,475	12,075	87,400	8	10,925	41,740	6,950	9,635	22,025	7,050
Pennsylvania.....	254,653	3,631	251,022	39	6,436	202,174	6,150	22,744	9,954	10,000
Rhode Island.....	0	0	0	0	0	0	0	0	0	0
South Carolina.....	540,002	40,966	499,036	86	5,803	358,724	10,325	36,279	88,458	5,250
South Dakota.....	138,676	6,040	132,636	13	10,203	93,663	2,053	14,000	11,445	11,475
Tennessee.....	554,926	19,456	535,470	75	7,140	327,100	20,735	68,175	78,264	41,196
Texas.....	1,127,004	161,343	965,661	104	9,285	657,835	29,551	84,051	131,541	62,683
Utah.....	297,215	15,305	281,910	26	10,843	132,275	19,365	30,570	45,650	54,050
Vermont.....	172,501	2,528	169,973	22	7,726	121,630	600	14,655	10,908	22,180
Virginia.....	230,717	26,858	203,859	27	7,550	127,584	13,635	26,060	20,380	16,200
Washington.....	199,024	17,964	181,060	17	10,651	79,860	13,808	38,046	36,931	12,415
West Virginia.....	106,093	11,708	94,385	16	5,899	70,110	5,050	10,750	5,695	2,780
Wisconsin.....	310,290	6,510	303,780	43	7,065	267,080	4,750	24,370	5,260	2,320
Wyoming.....	76,429	214	76,215	7	10,888	31,290	800	14,747	17,640	11,738
Alaska.....	2,950	2,950	0	0	0	0	0	0	0	0
Hawaii.....	156,267	0	156,267	20	7,813	46,113	9,920	15,650	83,584	1,000
Puerto Rico.....	146,880	11,024	135,856	19	7,150	93,682	1,418	5,635	35,121	0
Virgin Islands.....	5,589	0	5,589	2	2,794	1,789	500	300	2,400	600

Note: All Tenant Purchase, Farm Enlargement, and Farm Development loans from appropriated funds are included in this table.

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Table IV - Farm Tenancy: Number of Insured Loan Borrowers and Amount Insured, by Loan Purposes, 1949 Fiscal Year

State and territory	Number of borrowers	Amount insured						
		Total	Average	By loan purposes				
				Purchase of farm and incidental costs	Land improvement	Buildings other than dwellings	Dwellings, new and repair	Refinancing
	1	2	3	4	5	6	7	8
U. S. Total:								
Percent distribution...	-	100.0%	-	51.2%	4.7%	12.5%	11.1%	20.5%
Amount.....	1,181	$8,116,155	$6,872	$4,157,895	$376,005	$1,012,561	$903,964	$1,665,730
Alabama.....	19	113,506	5,974	73,839	1,550	9,985	21,132	7,000
Arizona.....	1	10,600	10,600	1,050	2,400	1,350	400	5,400
Arkansas.....	19	68,345	3,597	20,615	2,395	8,965	18,220	18,150
California.....	3	26,860	8,953	0	4,650	6,460	3,500	12,250
Colorado.....	4	41,250	10,312	26,450	500	2,395	3,955	7,950
Connecticut.....	0	0	0	0	0	0	0	0
Delaware.....	0	0	0	0	0	0	0	0
Florida.....	0	0	0	0	0	0	0	0
Georgia.....	65	297,177	4,572	122,411	13,760	23,457	79,609	57,940
Idaho.....	2	15,150	7,575	1,750	3,100	7,300	2,700	300
Illinois.....	10	65,630	6,563	24,777	6,995	9,125	2,107	22,626
Indiana.....	23	202,859	8,820	96,692	15,418	19,144	4,885	66,720
Iowa.....	34	277,902	8,174	129,102	12,960	26,175	9,150	100,515
Kansas.....	97	835,840	8,617	478,150	32,450	79,796	70,682	174,762
Kentucky.....	7	64,891	9,270	48,266	5,795	4,155	1,875	4,800
Louisiana.....	14	89,410	6,386	35,994	8,765	5,920	38,731	0
Maine.....	0	0	0	0	0	0	0	0
Maryland.....	15	106,597	7,106	36,364	620	21,567	7,646	40,400
Massachusetts.....	3	28,900	9,633	17,020	500	1,880	0	9,500
Michigan.....	46	349,130	7,590	144,238	12,350	68,315	37,752	86,475
Minnesota.....	92	576,546	6,267	267,246	15,315	111,231	45,206	137,548
Mississippi.....	23	121,200	5,270	44,735	6,895	15,430	38,950	15,190
Missouri.....	169	1,040,831	6,159	389,467	105,535	119,450	117,720	308,659
Montana.....	5	42,510	8,502	15,092	375	6,950	7,245	12,848
Nebraska.....	27	269,847	9,994	219,602	8,740	19,775	14,830	6,900
Nevada.....	0	0	0	0	0	0	0	0
New Hampshire.....	0	0	0	0	0	0	0	0
New Jersey.....	9	82,253	9,139	64,580	0	13,608	915	3,150
New Mexico.....	0	0	0	0	0	0	0	0
New York.....	15	108,697	7,246	93,152	150	6,815	5,795	2,785
North Carolina.....	54	271,452	5,027	118,217	13,105	28,900	56,425	54,805
North Dakota.....	28	242,777	8,671	112,672	5,760	46,345	34,290	43,710
Ohio.....	11	88,449	8,041	53,589	4,552	11,138	2,645	16,525
Oklahoma.....	24	161,887	6,745	77,072	6,835	19,400	19,960	38,620
Oregon.....	6	56,100	9,350	0	1,750	11,190	14,850	28,310
Pennsylvania.....	45	276,855	6,152	171,552	7,213	34,877	9,123	54,090
Rhode Island.....	0	0	0	0	0	0	0	0
South Carolina.....	15	80,784	5,386	36,620	2,582	13,160	21,440	6,982
South Dakota.....	16	152,335	9,521	101,883	3,700	18,948	17,509	10,295
Tennessee.....	9	61,650	6,850	35,460	3,105	8,295	7,420	7,370
Texas.....	86	697,942	8,116	380,905	24,130	87,772	128,209	76,926
Utah.....	3	33,725	11,242	8,750	1,000	4,075	7,000	12,900
Vermont.....	2	13,605	6,802	5,660	125	2,005	1,415	4,400
Virginia.....	2	11,090	5,545	3,195	700	1,420	1,400	4,375
Washington.....	5	52,650	10,530	0	4,750	9,182	3,708	35,010
West Virginia.....	17	80,682	4,746	22,837	10,375	10,920	6,085	30,465
Wisconsin.....	155	989,016	6,381	678,891	25,105	115,161	32,980	136,879
Wyoming.....	1	9,225	9,225	0	0	525	6,500	2,200
Alaska.....	0	0	0	0	0	0	0	0
Hawaii.....	0	0	0	0	0	0	0	0
Puerto Rico.....	0	0	0	0	0	0	0	0
Virgin Islands.....	0	0	0	0	0	0	0	0

Note: This table covers the loans made to Tenant Purchase, Farm Enlargement, and Farm Development borrowers by private lenders, which are insured by the Government. It does not cover the amounts paid for the same loan purposes by the borrower.

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Table V - Farm Tenancy: Borrowers' Direct Loan Accounts - Number of Borrowers, Amount Loaned, and Payments, Cumulative Through March 31, 1949

State and territory	Total number of borrowers	Total amount loaned	Borrowers paid in full				Borrowers with unpaid balance as of March 31, 1949					
			Number	Payments			Number	Scheduled installments	Payments			Extra payments and refunds
				Total	Principal	Interest			Total	Regular and advance payments made on scheduled installments		
										Amount	As percent of schedule	
	1	2	3	4	5	6	7	8	9	10	11	12
U. S. Total.....	59,332	$342,507,319	19,378	$119,551,159	$105,384,562	$14,166,597	39,954	$46,188,338	$77,355,379	$66,686,591	144	$10,668,788
Alabama.....	4,224	17,852,124	1,494	6,510,552	5,760,003	750,549	2,730	2,585,389	4,581,236	3,528,581	136	1,052,655
Arizona.....	83	875,740	13	113,201	98,282	14,919	70	70,606	94,688	89,681	127	5,007
Arkansas.....	3,751	16,536,026	1,021	4,816,539	4,168,983	647,556	2,730	2,401,319	3,625,821	3,047,216	127	578,605
California.....	360	3,387,973	142	1,343,147	1,178,321	164,826	218	377,496	608,292	563,174	149	45,118
Colorado.....	425	3,527,025	177	1,564,078	1,395,792	168,286	248	420,449	625,087	585,006	139	40,081
Connecticut.....	34	326,475	8	78,542	72,220	6,322	26	53,034	45,284	38,658	117	6,626
Delaware.....	78	490,590	23	156,163	136,905	19,258	55	55,83[illegible]	66,902	60,261	108	6,641
Florida.....	574	2,694,916	138	632,824	559,782	73,042	436	302,95[illegible]	478,518	353,885	117	124,633
Georgia.....	5,070	20,345,404	1,433	5,997,779	5,298,894	698,885	3,637	3,301,[illegible]35	5,499,450	4,185,625	127	1,313,825
Idaho.....	381	2,954,926	108	780,345	699,907	80,438	273	292,031	500,396	435,267	149	65,129
Illinois.....	859	7,814,135	372	3,787,593	3,309,428	478,165	487	1,247,204	2,163,345	1,999,984	160	163,361
Indiana.....	808	6,909,312	288	2,638,999	2,331,363	307,636	520	973,540	1,891,302	1,763,887	181	127,415
Iowa.....	1,036	9,105,057	520	5,286,568	4,617,383	669,185	516	1,109,268	1,971,783	1,856,237	167	115,546
Kansas.....	995	8,677,836	309	2,971,547	2,633,755	337,792	686	1,081,152	1,831,362	1,724,929	160	106,433
Kentucky.....	1,128	8,000,508	524	4,066,218	3,586,145	480,073	604	1,027,877	2,056,746	1,914,747	186	141,999
Louisiana.....	2,088	10,614,967	462	2,801,584	2,422,049	379,535	1,626	1,833,106	2,761,695	2,327,070	127	434,625
Maine.....	168	935,262	35	171,130	156,947	14,183	133	85,713	141,878	125,541	146	16,337
Maryland.....	278	2,070,469	61	448,242	394,098	54,144	217	259,462	401,321	344,115	133	57,206
Massachusetts.....	73	593,236	15	114,557	104,633	9,924	58	52,829	53,205	39,844	75	13,361
Michigan.....	905	5,384,516	304	1,704,259	1,504,028	200,231	601	730,028	1,132,580	1,029,240	141	103,340
Minnesota.....	2,205	11,589,977	860	4,952,838	4,377,213	575,625	1,345	1,342,845	2,433,742	2,306,064	172	127,678
Mississippi.....	4,500	23,296,008	953	4,453,609	3,818,471	635,138	3,547	3,609,515	5,013,319	3,975,866	110	1,037,453
Missouri.....	2,245	13,315,808	784	4,633,136	4,070,073	563,063	1,461	1,742,426	2,753,807	2,585,970	148	167,837
Montana.....	576	3,800,071	157	1,035,917	924,477	111,440	419	487,241	598,711	555,270	114	43,441
Nebraska.....	761	7,527,134	362	3,958,562	3,529,057	429,505	399	657,504	1,274,229	1,247,214	190	27,015
Nevada.....	25	242,234	5	37,584	35,377	2,207	20	16,558	17,441	16,367	99	1,074
New Hampshire.....	34	195,707	8	41,822	37,978	3,844	26	25,153	25,855	20,956	83	4,899
New Jersey.....	198	1,766,717	23	192,820	170,614	22,206	175	172,930	208,032	177,926	103	30,106
New Mexico.....	212	1,899,204	58	531,977	475,373	56,604	154	186,665	286,681	250,827	134	35,854
New York.....	678	4,164,557	154	982,142	873,299	108,843	524	483,386	752,263	638,566	132	113,697
North Carolina.....	3,415	15,510,247	1,337	6,612,977	5,871,553	741,424	2,078	2,089,551	4,084,864	3,423,564	164	661,300
North Dakota.....	684	4,983,926	290	2,127,449	1,927,016	200,433	394	534,552	1,003,524	966,779	181	36,745
Ohio.....	996	7,602,345	387	3,245,994	2,859,697	386,297	609	1,048,436	1,773,881	1,570,905	150	202,976
Oklahoma.....	2,983	17,433,994	1,041	6,186,383	5,457,770	728,613	1,942	2,264,455	3,913,971	3,415,446	151	498,525
Oregon.....	455	2,899,813	220	1,188,400	1,063,727	124,673	235	281,939	475,404	435,693	155	39,711
Pennsylvania.....	846	5,174,195	208	1,369,050	1,207,585	161,465	638	652,523	1,043,074	889,761	136	153,313
Rhode Island.....	5	40,072	1	6,548	5,850	698	4	3,019	5,107	5,107	169	0
South Carolina.....	2,575	11,124,367	739	3,471,542	3,062,250	409,292	1,836	1,984,323	3,312,458	2,534,899	128	777,559
South Dakota.....	601	4,742,638	269	2,265,839	2,016,093	249,746	332	476,815	944,673	905,036	190	39,637
Tennessee.....	1,993	11,135,278	759	4,529,250	3,983,757	545,493	1,234	1,516,177	2,832,239	2,524,707	167	307,532
Texas.....	4,914	36,830,595	1,625	12,605,637	11,073,522	1,532,115	3,289	4,771,001	8,247,642	7,194,392	151	1,053,250
Utah.....	250	2,274,145	35	199,385	180,888	18,497	215	199,481	225,815	215,002	108	10,813
Vermont.....	132	810,853	26	147,048	129,003	18,045	106	72,485	91,937	75,834	105	16,103
Virginia.....	1,026	5,629,756	434	2,411,271	2,127,181	284,090	592	777,865	1,374,729	1,182,523	152	192,206
Washington.....	331	2,459,833	130	895,571	802,878	92,693	201	279,742	444,287	403,171	144	41,116
West Virginia.....	534	2,604,295	145	745,551	654,062	91,489	389	427,372	750,050	580,315	136	169,735
Wisconsin.....	1,680	7,896,722	703	3,361,396	3,009,820	351,576	977	868,051	1,669,187	1,543,536	178	125,651
Wyoming.....	197	1,484,921	40	269,267	242,891	26,376	157	151,489	205,152	183,475	121	21,677
Alaska.....	5	49,310	0	0	0	0	5	2,602	1,876	1,837	71	39
Hawaii.....	231	1,345,796	105	671,202	589,539	81,663	126	160,918	255,858	218,332	136	37,526
Puerto Rico.....	727	3,[illegible],304	73	437,125	378,630	58,495	654	660,285	804,680	628,303	95	176,377
Virgin Islands.....	0	0	0	0	0	0	0	0	0	0	0	0

Note: Covers all Tenant Purchase, Farm Enlargement, and Farm Development loans from appropriated funds and non-cash advances on rural rehabilitation project liquidation farms. Paid-up borrowers include those paid up through repossession.

Production and Subsistence Loans - Title II

Title II of the Bankhead-Jones Farm Tenant Act, as amended by the Farmers' Home Administration Act of August 14, 1946, authorizes loans to eligible farm families who are unable to obtain needed credit from any other source at reasonable rates and terms to meet their farm and home operating needs. In addition to credit, borrowers are provided, as required, practical on-the-farm guidance, to assist them in adopting improved farm and home management practices and in making other adjustments necessary to place their farming operations on a sound and profitable basis. These activities are designed to help low-income farmers, including veterans who wish to become established on farms, in developing more efficient farm and home operations that will provide adequate living for their families and greater security on the land.

1. Purposes and Terms of Loans: Loans are made for the purchase of necessary livestock, farm equipment, feed, seed, fertilizer, other farm needs, essential home equipment and family subsistence, including medical care. Loans to any individual borrower in any fiscal year may not exceed $3,500, and the total outstanding indebtedness of any borrower for all such loans may not exceed $5,000. Interest is charged at the rate of five percent on the unpaid principal balance. Production and subsistence loans are of two types, as follows:

   A. Adjustment Loans are made to those farmers who require credit and have or can acquire the necessary land resources and the ability to enable them to make needed adjustments in their farming operations to place such operations on a sound and efficient basis. Adjustment loans are based on individual farm and home plans developed with the advice and assistance of the County Supervisor, and may be repaid over a period of not to exceed five years in a manner consistent with the borrower's ability to pay.

   B. Annual Loans are made to applicants whose primary credit needs are of a seasonal or emergency nature to provide necessary credit for the production of cash crops or to purchase or grow feed for productive livestock or livestock being fed for the market. Annual operating loans are scheduled for repayment when the principal income from the enterprise financed with such loans normally would be received usually within one year.

2. Supervision (On-The-Farm Guidance): Many applicants for operating loans are handicapped by inadequate land resources, lack of experience, lack of knowledge of modern and efficient management practices, lack of equipment or livestock, or a combination of such problems. Borrowers are provided practical on-the-farm assistance in analyzing, planning and carrying out sound farm and home operations so as to make the best use of their land, labor, capital and skills. Such supervision contributes directly to the success of the borrowers and is a protection of the financial interests of the Government.

3. Increasing Demand for Assistance: During the first four months of the current fiscal year 40,223 new applications were received, an increase of 34 percent over the same period of last year. Applications from veterans in this period increased 35.5 percent over last year. With the decrease in net farm income, it is expected that the demand for farm operating credit will continue to increase.

4. Reasons for Continuing Demand: Of the many reasons for the continued increase in demand for operating loans, the following are of primary importance:

A. Large numbers of young farmers, veterans, and other low-income farm operators cannot become successfully established in agriculture as they cannot obtain credit that can be repaid from farm income over a period, consistent with their ability to pay and at reasonable interest rates, because:

(1) It is the general policy of banks and cooperative credit institutions to make loans only to those farmers who are established as successful operators.

(2) Banks and cooperative lending institutions generally require more collateral for loans than many farmers have to offer.

(3) Loans from banks and cooperative credit institutions for necessary livestock, equipment and other operating needs are generally scheduled to be repaid in full within six to twelve months.

B. Rising operating costs and lower net farm incomes during the past two years already have resulted in an increased demand for agricultural credit among all groups in agriculture. During this period the demand for credit has been particularly marked among farmers in the low-income group since they had little, if any, reserve with which to purchase needed machinery and equipment, livestock and to meet other operating costs essential for successful farming operations.

C. Increasing numbers of small farmers are seeking credit and advisory assistance to enable them to expand, adjust or reorganize their farming enterprises to place their operations on a sound economic basis. On many farms, the gross production is too small to provide a satisfactory living for the families operating them. For example, 28 percent of all farm land holdings in the United States are small family farms that sell less than one-sixth, by value, of the farm products marketed in this country. The total production - not the net or the amount sold - of the average farm in this group was valued at less than $1900 in 1944, based on census data.

D. A majority of the new settlers and many present operators on reclamation projects in the western states are in need of operating credit not available through other established sources to bring their farms into full and efficient use.

E. Each year large numbers of farmers throughout the country suffer damage from floods, drought, freezes, insects, plant and livestock diseases, and other similar causes. Where such damage reaches disaster proportions and affects widespread areas, credit assistance may be provided eligible farmers in such designated areas under the provisions of Public Law 38, 81st Congress, which authorizes the making of disaster loans. However, damage from such causes occurs in many areas where the making of disaster loans cannot be justified because the areas affected are relatively small or spotted or the extent of damage is less severe than in areas normally designated for the making of disaster loans. These needs can be met in 1950 under authority of Public Law 71, 81st Congress, which, however, expires on June 30, 1950. A continuing source of credit is necessary to afford relief in such cases.

5. Significant Program Data.

A. Percent of New Applicants Assisted: Due to the continued heavy demand for operating loans and the decreased operating loan appropriations, the percent of new applicants receiving loans decreased from 68 percent in 1947 to 33 percent in 1948. With the increase in funds for the fiscal year 1949 the portion of new applicants served increased to 40 percent for that fiscal year. The number of new loans and the percent of applicants served in the fiscal years 1947 through 1949 and estimated for 1950 are shown below:

Fiscal Year	Number New Loans	Percent of New Applicants Served
1947	104,628	68
1948	62,713	33
1949	63,566	40
1950 (Est.)	66,895	41

B. Veteran Loans: The number and amount of operating loans to veterans was higher in 1949 than in 1948 and the proportion of total loans to veterans is expected to be higher in 1950 than in 1949. All of the $10,000,000 increase in loan appropriations for 1950 will be used in meeting the needs of veterans. The number and amount of new and subsequent loans to veterans and the percent of total loan funds received by veterans for the fiscal years 1948 and 1949 are as follows:

Fiscal Year	Number of Loans	Amount of Loans	Percent of Total Loan Funds Received by Veterans
1948	21,525	$20,360,157	34.0
1949	29,841	30,983,906	41.3

C. Total Loans Made: Total New and subsequent operating loans made during fiscal years 1946 through 1949 and estimated for 1950 are shown below:

Fiscal Year	No. Adjustment Loans Initial	Subsequent	No. Annual Loans	Total Number Loans
1946	33,356	81,946	80,377	195,679
1947	28,225	70,735	76,403	175,363
1948	30,063	46,219	32,650	108,932
1949	37,935	37,066	25,631	100,632
1950(Est.)	45,225	42,100	21,670	108,995

See Table I for distribution by states.

D. Collections: The following is a summary of the cumulative and current collection activity on operating loans:

(1) Collections on operating loans have exceeded advances made for such loans during each of the last four fiscal years as shown by the following statement:

Fiscal Year	Loan Disbursements	Principal Repayments	Interest Repayments	Total Repayments
1946	$99,556,476	$117,776,859	$16,095,218	$133,872,077
1947	90,432,402	119,784,295	14,299,621	134,083,916
1948	59,996,090	101,453,618	12,769,753	114,223,371
1949	74,999,651	78,279,960	11,282,124	89,562,084

(2) Cumulative loan advances and collections of Farm Security Administration, Emergency Crop and Feed Loan Division, and Farmers' Home Administration follow. See Tables II, III and IV.

	Loan Advances	Collections to 6/30/49 Principal	Interest	% of Prin. Repayments to Maturities	% of Total Colls. to Advances
Rural rehabilitation Loans - June 1935 to 10/31/46	$1,004,611,116	$ 855,599,353	$115,893,588	87.4%	96.7%
Emergency Crop and Feed Loans - 1918 to 10/31/46	575,934,570	466,154,643	48,222,819	80.9%	89.3%
Production and Subsistence Loans - 11/1/46 to 6/30/49	196,286,458	89,615,106	4,933,681	92.0%	48.2%
Total	1,776,832,144	1,411,369,102	169,050,088	85.4%	88.9%

E. Debts Compromised, Adjusted or Cancelled Pursuant to Public Laws 518 and 731: Increasing attention is being given to the settlement of accounts eligible for compromise, adjustment, or cancellation. Considerable progress has been made as is shown by the following tables:

(1) During the fiscal year 1949:

Type of Settlement	Total Number Borrowers	Total Indebtedness To Be Settled	Amount Repaid	Amount Written Off
Adjustment	4,121	$ 1,979,237	$ 655,721	$ 1,323,516
Compromise	20,317	9,159,030	2,263,986	6,895,044
Cancellation	82,096	11,621,358	-	11,621,358
Total	106,534	22,759,625	2,919,707	19,839,918

(2) From Inception of Activity, April 4, 1945, through June 30, 1949:

Adjustment	5,864	$ 2,713,706	$ 933,485	$ 1,780,221
Compromise	38,798	17,180,992	4,616,820	12,564,172
Cancellation	225,105	33,497,568	-	33,497,568
Total	269,767	53,392,266	5,550,305	47,841,961

F. Progress of Borrowers: Some indication of the progress borrowers have made as a result of the financial and supervisory assistance provided through this program is shown in the following tables which are based on data compiled through sample surveys of representative groups of borrowers throughout the nation:

(1) Progress made by borrowers paying their loans in full at the end of 1944 and 1948 crop years:

	Average for Borrowers Entering Program in 1940 and Paying Loans in Full in 1944		Averages for 1948 Crop Year for Borrowers Paying Up That Year
	Year Before Entering Program	1944 Crop Year	
Gross Family Income	$ 839	$2,759	$3,336
Gross Farm Income	733	2,311	2,978
Cash Farm Income	555	1,844	2,446
Value of Farm Products Used in Home	178	467	532
Farm Operating Expense	222	813	991
Net Worth	1,140	3,323	4,155

(2) Average net worth of active adjustment borrowers as of December 31, 1948, compared with net worth of same borrower year before acceptance on program:

	End of Year Before Receiving Loan	End of 1948 Crop Year	Percent Increase
Total Owned	$2,566	$6,067	136
Total Owed	854	2,108	147
Net Worth	1,712	3,959	131

G. State Rural Rehabilitation Corporation Trust Funds: The assets of 43 State Rural Rehabilitation Corporations were transferred in trust to the Secretary of Agriculture to be used for rural rehabilitation purposes. In the fiscal years 1947 and 1948 these funds were used primarily for supplemental loans to protect the investment and better assure repayment of loans held by borrowers from these funds. In the 1949 fiscal year the funds were also used for supplemental loans to corporation trust fund borrowers, but in the late months of the 1949 fiscal year, due to the virtual exhaustion of appropriated funds for production and subsistence loans and due to the intensity of demand for such loans, particularly from veterans, funds were also used for 13,946 initial adjustment and annual production and subsistence loans. This number is in addition to the number of loans shown in item "A" above.

Due to the depletion of cash reserves in the corporation trust funds by the initial loans made in 1949, it is estimated that during the fiscal year 1950 only about $12,000,000 will be available for loans.

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Teble E - Production and Subsistence Loans to Individuels, 1948 and 1949 Fiscal Years and Cumuletive From Inception, November 1, 1946, Through June 30, 1949 1/

State and territory	1948 fiscal year						1949 fiscal year						Cumulative - November 1, 1946 through June 30, 1949					
	Adjustment loans				Annual loans		Adjustment loans				Annual loans		Adjustment loans				Annual loans	
	Initiel		Subsequent				Initial		Subsequent				Initial		Subsequent			
	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
U. S. Total.....	30,063	$946	46,219	$494	32,650	$264	37,935	$1,189	37,066	$597	25,631	$302	85,230	$1,062	134,176	$518	131,919	$275
Alabama.....	1,645	425	3,969	240	1,494	209	2,542	490	2,625	343	1,268	228	5,465	502	11,420	266	5,494	231
Arizona.....	28	2,042	64	1,127	27	773	75	1,950	57	847	23	585	125	2,027	174	1,016	114	618
Arkanses.....	1,592	664	2,798	408	2,337	268	1,713	1,000	2,135	487	1,148	327	4,366	834	7,833	435	7,690	273
California.....	237	2,271	295	1,226	29	836	402	2,448	262	1,360	16	922	765	2,310	843	1,228	220	934
Colorado.....	283	2,321	723	960	123	493	483	2,449	582	1,032	60	656	1,028	2,377	2,274	947	517	536
Connecticut.....	5	1,592	15	977	5	490	8	2,625	9	1,388	2	800	20	2,297	42	1,049	21	486
Delaware.....	15	1,367	31	878	2	375	13	1,788	33	982	3	933	36	1,412	99	844	42	347
Florida.....	483	560	767	440	782	270	500	790	525	590	845	320	1,219	684	2,297	440	2,458	289
Georgia.....	1,584	486	2,435	325	3,911	260	2,921	582	1,921	448	1,755	287	5,148	586	8,004	352	12,871	263
Idaho.....	336	1,727	581	982	25	438	480	1,949	622	964	24	667	959	1,918	1,767	985	394	569
Illinois.....	376	1,890	490	714	33	300	507	2,253	352	952	19	395	1,056	2,086	1,393	767	347	425
Indiana.....	206	2,066	211	851	113	354	391	1,987	235	665	85	322	717	1,979	871	694	460	348
Iowa.....	318	1,992	729	624	28	542	469	1,948	703	696	6	347	900	1,979	2,107	656	271	476
Kanses.....	338	1,883	625	649	120	458	511	1,995	637	598	88	501	1,005	1,933	2,278	573	592	391
Kentucky.....	1,028	601	1,161	347	736	182	1,217	720	1,039	404	1,042	210	3,597	631	3,407	355	3,370	180
Louisiana.....	704	731	2,055	421	2,867	258	1,259	761	1,358	506	2,489	303	2,562	799	5,707	446	10,072	255
Maine.....	236	1,953	257	1,262	38	697	328	2,001	276	990	26	639	807	1,958	898	1,187	235	832
Maryland.....	151	1,433	271	664	227	254	188	1,722	291	748	151	288	380	1,623	762	713	694	292
Massachussetts.....	25	2,040	48	1,085	15	643	29	2,196	42	1,439	6	1,025	69	2,062	131	1,223	84	647
Michigan.....	597	1,765	337	1,170	85	379	728	1,908	507	788	23	433	1,653	1,849	1,079	907	327	326
Minnesota.....	596	2,049	324	781	134	459	806	2,274	396	893	6	323	1,529	2,166	885	832	1,135	392
Mississippi.....	1,120	576	4,192	320	3,363	217	2,051	630	2,687	394	2,935	242	4,116	644	11,434	354	11,681	220
Missouri.....	882	1,432	1,240	473	41	243	1,136	1,601	1,042	646	69	385	2,356	1,528	3,191	570	907	325
Montana.....	223	2,471	908	931	110	771	366	2,732	890	966	61	981	862	2,558	2,449	938	616	593
Nebraska.....	260	2,257	301	746	99	531	402	2,189	263	776	49	509	794	2,201	1,134	695	392	505
Nevada.....	27	2,447	23	2,023	1	300	29	2,788	30	1,210	1	2,080	76	2,579	82	1,565	16	958
New Hampshire.....	24	2,579	54	819	21	408	44	2,952	42	1,583	2	750	77	2,731	159	1,084	66	371
New Jersey.....	141	1,853	147	1,075	12	1,112	177	1,803	180	1,056	9	819	393	1,812	500	1,043	131	736
New Mexico.....	149	1,853	378	802	206	607	241	1,992	402	722	243	484	457	1,924	1,014	847	911	496
New York.....	193	2,205	803	871	166	498	312	2,343	688	943	112	621	562	2,285	2,159	858	571	490
North Carolina....	2,715	561	3,627	420	4,355	266	3,559	633	2,897	424	4,158	316	10,227	623	9,985	414	16,558	259
North Dakota.....	292	2,173	376	634	584	450	441	2,412	237	951	220	502	813	2,309	1,042	690	2,429	433
Ohio.....	261	1,904	132	821	38	289	387	2,111	132	908	43	297	791	1,960	461	792	451	293
Oklaboma.....	1,552	1,283	3,145	413	286	215	1,592	1,721	2,431	492	69	306	3,258	1,503	9,893	437	1,818	309
Oregon.....	165	1,798	295	931	15	681	236	2,197	299	1,135	8	696	497	1,968	881	977	155	563
Pennsylvania.....	292	1,858	395	809	171	416	448	2,155	309	1,055	52	374	847	1,962	1,222	849	669	413
Rhode Island.....	3	2,267	17	962	0	0	6	2,667	7	1,171	1	1,000	11	2,391	33	1,062	1	1,000
South Carolina....	5,865	254	2,489	254	2,945	191	4,086	396	1,754	331	3,064	234	11,490	340	7,210	279	18,971	222
South Dakota.....	328	2,436	240	845	121	481	433	2,605	225	1,031	35	538	834	2,521	1,071	789	911	407
Tennessee.....	759	674	1,009	349	520	239	975	727	1,016	420	615	278	2,317	706	3,354	356	3,022	219
Texas.....	1,318	1,399	5,006	516	2,810	270	2,000	1,736	3,721	645	1,481	341	3,464	1,596	12,987	592	11,016	284
Utah.....	155	1,532	232	1,060	36	416	210	1,838	259	1,052	22	545	406	1,672	796	980	266	474
Vermont.....	50	2,749	114	1,017	6	265	88	2,944	83	1,144	2	300	148	2,896	276	954	29	373
Virginia.....	447	442	363	399	1,018	220	585	670	324	516	736	240	1,279	585	999	452	4,337	202
Washington.....	168	2,164	201	1,087	14	1,118	274	2,461	221	1,265	8	1,406	513	2,294	549	1,162	117	899
West Virginia.....	343	513	153	516	99	175	396	908	172	664	89	194	947	656	579	485	425	166
Wieconein.....	496	2,108	530	753	62	332	684	2,132	592	787	56	297	1,557	2,148	1,492	749	451	277
Wyoming.....	218	2,314	631	935	54	791	301	2,416	593	1,086	59	863	648	2,357	1,899	1,042	214	858
Alaska.....	8	2,669	1	200	0	0	11	2,122	0	0	0	0	26	2,220	5	1,160	0	0
Hawaii.....	22	2,042	11	1,815	0	0	72	1,663	27	1,011	0	0	119	1,777	52	1,272	2	650
Puerto Rico.....	745	305	959	391	2,352	270	809	433	929	446	2,331	382	1,866	346	2,929	344	7,348	358
Virgin Islands....	59	218	61	182	14	71	14	1,082	7	476	16	70	73	384	68	212	30	70

1/ Does not include loans from etate rural rehebilitation corporetion funds.

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Table II. Production and Subsistence Loans, Maturities and Collections, Cumulative through June 30, 1949 1/

State and Territory	Cumulative Loan Obligations	Cumulative Advances	Matured Principal	Collections			Principal Write-Offs	Principal Judgments	Unpaid Principal Balance	Ratio of Principal Repayments to Matured Principal
				Principal Repayments	Interest Payments	Totals				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
United States Totals	$196,300,561	$196,286,458	$97,362,467	$89,615,106	$4,933,681	$94,548,787	$34,656	$9,306	$106,627,390	92.0
Alabama	7,047,984	7,042,217	4,342,361	4,086,277	166,941	4,253,218	5,693		2,950,247	94.1
Arizona	500,586	503,164	218,868	165,576	12,464	178,040			337,588	75.6
Arkansas	9,154,093	9,143,483	5,545,032	5,278,952	238,041	5,516,993	1,251		3,863,280	95.2
California	3,009,612	3,041,141	1,241,726	1,096,698	88,087	1,184,785	45		1,944,398	88.3
Colorado	4,876,425	4,869,203	2,381,130	2,107,211	126,729	2,233,940	20		2,761,972	88.5
Connecticut	101,180	98,780	46,660	34,716	3,621	38,337			64,064	74.4
Delaware	148,958	150,407	50,379	33,174	3,662	36,836			117,233	65.8
Florida	2,559,186	2,564,201	1,637,824	1,272,700	55,668	1,328,368	763	250	1,290,488	77.7
Georgia	9,211,460	9,213,872	5,885,984	5,395,884	195,794	5,591,678	5,300		3,812,688	91.7
Idaho	3,804,713	3,789,833	1,493,619	1,401,928	105,524	1,507,452			2,387,905	93.9
Illinois	3,419,999	3,425,955	1,180,320	1,149,019	105,386	1,254,405			2,276,936	97.4
Indiana	2,183,721	2,182,202	745,328	711,030	62,872	773,902	1		1,471,171	95.4
Iowa	3,292,104	3,291,695	1,113,960	1,120,209	98,973	1,219,182	20		2,171,466	100.6
Kansas	3,480,511	3,477,374	1,226,355	1,080,138	91,958	1,172,096	200		2,397,036	88.1
Kentucky	4,083,480	4,061,832	1,918,095	1,813,428	123,883	1,937,311	176		2,248,228	94.5
Louisiana	7,166,472	7,159,411	4,578,753	4,416,803	168,207	4,585,010	3,254		2,739,354	96.5
Maine	2,841,163	2,842,563	1,692,763	1,612,418	78,900	1,691,318			1,230,145	95.3
Maryland	1,361,994	1,362,868	430,714	331,729	36,269	367,998			1,031,139	77.0
Massachusetts	356,875	360,675	177,594	144,493	11,819	156,312			216,182	81.4
Michigan	4,143,164	4,142,139	1,081,974	1,003,038	116,918	1,119,956	347		3,138,754	92.7
Minnesota	4,494,277	4,503,805	1,372,838	1,434,745	119,749	1,554,494	255	419	3,068,386	104.5
Mississippi	9,268,146	9,275,173	5,750,670	5,473,605	230,652	5,704,257	2,254		3,799,314	95.2
Missouri	5,713,840	5,718,075	2,246,527	2,099,693	160,328	2,260,021	250		3,618,132	93.5
Montana	4,874,244	4,883,004	1,986,329	1,734,418	108,989	1,843,407	1		3,148,585	87.3
Nebraska	2,733,488	2,750,743	975,103	909,699	81,587	991,286			1,841,044	93.3
Nevada	339,652	334,150	99,951	98,237	11,927	110,164			235,913	98.3
New Hampshire	407,679	406,877	110,651	96,314	14,135	110,449			310,563	87.0
New Jersey	1,330,253	1,327,425	572,551	369,980	35,826	405,806			957,445	64.6
New Mexico	2,189,840	2,204,494	974,797	778,641	51,069	829,710	10		1,425,843	79.9
New York	3,416,791	3,420,631	1,052,179	913,778	89,633	1,003,411		1,474	2,505,379	86.8
North Carolina	14,837,360	14,825,528	9,565,402	9,230,476	335,781	9,566,257	4,193	1,391	5,589,468	96.5
North Dakota	3,648,520	3,643,495	1,573,192	1,491,853	71,106	1,562,959			2,151,642	94.8
Ohio	2,047,754	2,059,950	679,546	622,574	59,820	682,394			1,437,376	91.6
Oklahoma	9,788,366	9,765,740	4,150,403	3,730,376	233,013	3,963,389	1,161		6,034,203	89.9
Oregon	1,926,922	1,939,500	799,586	658,266	48,879	707,145			1,281,234	82.3
Pennsylvania	2,975,803	2,971,178	947,294	849,037	77,287	926,324	4	2,772	2,119,365	89.6
Rhode Island	62,350	62,350	24,900	21,415	2,183	23,598			40,935	86.0
South Carolina	10,131,899	10,136,032	7,161,100	6,609,412	223,942	6,833,354	1,399	1,000	3,524,221	92.3
South Dakota	3,318,256	3,330,214	1,155,321	1,118,453	75,926	1,194,379			2,211,761	96.8
Tennessee	3,492,559	3,499,759	1,790,317	1,708,395	92,322	1,800,717			1,791,364	95.4
Texas	16,352,288	16,351,627	8,970,289	7,679,106	372,798	8,051,904	7,898		8,664,623	85.6
Utah	1,585,273	1,581,850	528,928	473,536	40,610	514,146			1,108,314	89.5
Vermont	703,457	699,720	131,815	122,632	19,555	142,187			577,088	93.0
Virginia	2,076,276	2,078,995	1,219,186	1,179,111	48,621	1,227,732	19		899,865	96.7
Washington	1,921,011	1,942,367	650,874	605,825	47,320	653,145	1		1,336,541	93.1
West Virginia	972,567	973,220	285,657	277,242	22,999	300,241			695,978	97.1
Wisconsin	4,590,981	4,576,472	1,361,077	1,487,929	152,768	1,640,697			3,088,543	109.3
Wyoming	3,690,099	3,634,139	1,490,299	1,258,968	91,466	1,350,434			2,375,171	84.5
Alaska	63,532	63,532	18,579	12,855	1,758	14,613			50,677	69.2
Hawaii	277,943	277,943	60,666	51,467	5,901	57,368			226,476	84.8
Puerto Rico	4,280,860	4,280,860	2,660,869	2,255,617	113,527	2,369,144	141	2,000	2,023,102	84.8
Virgin Islands	44,595	44,595	6,132	6,030	488	6,518			38,565	98.3

1/ Loans made by Farmers Home Administration subsequent to October 31, 1946

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Table III

Rural Rehabilitation Loans of the Farm Security Administration Including Maturities and Collections, Cumulative through June 30, 1949

State and Territory	Loan Advances October 31, 1946	Matured Principal	Collections			Principal		Outstanding Principal Balance of Loan Advances	Ratio of Total Collections to Loan Advances	Ratio of Principal Repayments to Matured Principal
			Principal Repayments	Interest Payments	Totals	Write-Offs	Judgments			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
U. S. Totals	$1,004,611,116	$979,017,469	$855,599,353	$115,893,589	$971,492,942	$10,654,523	$951,666	$137,405,574	96.7	87.4
Alabama	43,955,067	43,514,756	32,153,340	4,707,467	36,860,807	1,779,438	35,842	9,986,447	83.9	73.9
Arizona	3,969,500	3,907,954	3,438,169	474,447	3,912,616	23,296	10,200	497,835	98.6	88.0
Arkansas	45,875,663	5,177,674	38,408,938	4,101,692	42,510,630	129,525	35,112	7,302,088	92.7	85.0
California	20,261,557	19,916,986	15,991,288	2,366,575	18,357,863	380,455	15,225	3,874,589	90.6	80.3
Colorado	26,918,869	26,151,897	22,759,267	3,470,523	26,229,790	589,279	41,637	3,528,686	97.4	87.0
Connecticut	1,362,618	1,350,540	1,199,908	139,810	1,339,718	47,012	11,286	104,412	98.3	88.8
Delaware	780,190	679,456	564,061	98,165	662,226	649		215,480	84.9	83.0
Florida	13,641,899	13,537,464	9,434,179	1,621,027	11,055,206	185,078	32,548	3,990,094	81.0	69.7
Georgia	41,075,733	40,377,805	30,506,852	4,253,154	34,760,006	913,635	78,502	9,576,744	84.6	75.5
Idaho	18,222,311	17,669,619	16,708,479	2,102,911	18,811,390	109,414	9,863	1,394,555	103.2	94.6
Illinois	21,835,570	21,027,826	19,627,135	2,869,132	22,496,267	267,396	14,318	1,926,721	103.0	93.3
Indiana	17,534,342	17,085,033	16,179,534	2,214,820	18,394,354	147,288	2,096	1,205,424	104.9	94.7
Iowa	25,649,275	24,657,932	24,154,045	3,267,469	27,421,514	387,296	16,882	1,091,052	106.9	97.9
Kansas	29,731,477	28,778,143	26,188,834	4,110,602	30,299,436	368,505	9,798	3,164,340	101.9	91.0
Kentucky	14,647,469	14,346,249	13,813,104	1,596,555	15,409,659	64,832	11,688	757,845	105.2	96.3
Louisiana	34,479,060	34,316,257	28,394,649	3,162,579	31,557,228	487,249	76,232	5,520,930	91.5	82.7
Maine	14,189,302	13,992,310	11,951,957	1,406,767	13,358,724	286,610		1,950,735	94.1	85.4
Maryland	4,278,938	3,899,358	3,198,517	504,086	3,702,603	4,379		1,076,042	86.5	82.0
Massachusetts	2,018,773	1,973,557	1,648,589	228,535	1,877,124	45,413		324,771	93.0	83.5
Michigan	19,360,081	18,065,298	16,275,640	2,479,874	18,755,514	160,042	3,950	2,920,449	96.9	90.1
Minnesota	28,186,147	26,889,212	25,790,305	3,982,957	29,773,262	105,296	10,341	2,280,205	105.6	95.9
Mississippi	47,614,474	47,089,357	38,699,901	4,409,741	43,109,642	455,983	33,411	8,425,179	90.5	82.2
Missouri	36,487,081	35,492,379	33,310,727	4,731,576	38,042,303	237,194	24,538	2,914,622	104.3	93.8
Montana	23,355,419	22,870,843	19,871,321	3,196,558	23,067,879	133,933	71,257	3,278,908	98.8	86.9
Nebraska	27,394,641	26,738,438	24,590,190	4,210,681	28,800,871	163,118	15,381	2,625,952	105.1	92.0
Nevada	1,726,677	1,667,923	1,493,851	222,752	1,716,603	16,635		216,191	99.4	89.6
New Hampshire	2,620,004	2,496,708	2,036,762	390,315	2,427,077	36,665		546,577	92.6	81.6
New Jersey	4,025,327	3,841,627	2,766,622	454,412	3,221,034	19,540	7,223	1,231,942	80.0	72.0
New Mexico	9,755,711	9,409,067	7,970,083	1,064,548	9,034,631	87,289	6,815	1,691,524	92.6	84.7
New York	16,285,920	14,965,392	12,490,943	2,162,349	14,653,292	154,373	32,947	3,607,657	90.0	83.5
North Carolina	37,598,254	37,213,017	34,290,568	2,660,913	36,951,481	411,911	44,690	2,851,085	98.3	92.1
North Dakota	18,949,167	18,342,789	16,576,430	2,876,542	19,452,972	119,771	15,714	2,237,252	102.6	90.4
Ohio	18,071,038	17,701,814	16,196,759	2,571,408	18,768,167	51,846	12,916	1,809,517	103.8	91.5
Oklahoma	56,238,651	54,523,432	50,191,081	5,963,196	56,154,277	199,388	8,379	5,839,803	99.8	92.0
Oregon	11,827,718	11,517,681	10,388,844	1,280,059	11,668,903	93,425	4,311	1,341,138	98.6	90.2
Pennsylvania	11,715,683	10,961,692	9,523,359	1,628,842	11,152,201	92,101	60,681	2,039,542	95.2	86.9
Rhode Island	446,519	442,334	377,656	62,824	440,480	7,656		61,207	98.6	85.4
South Carolina	22,376,250	22,124,171	16,420,499	2,337,996	18,758,495	217,350	20,566	5,717,835	83.8	74.2
South Dakota	29,423,951	28,490,189	25,831,340	5,040,210	30,871,550	155,262	9,163	3,428,186	104.9	90.7
Tennessee	12,240,378	12,006,112	11,595,138	1,186,417	12,781,555	13,090	1,671	630,479	104.4	96.6
Texas	92,667,900	91,244,541	78,276,590	8,162,139	86,438,729	895,823	90,353	13,405,134	93.3	85.8
Utah	10,224,651	9,786,168	8,885,264	1,468,980	10,354,244	160,583	15,045	1,163,759	101.3	90.8
Vermont	3,208,973	3,012,085	2,729,596	416,832	3,146,428	7,342	3,154	468,881	98.0	90.6
Virginia	10,555,979	10,322,597	9,091,550	1,118,050	10,209,600	51,881	18,007	1,394,541	96.7	88.1
Washington	15,727,101	15,451,872	13,207,958	1,743,330	14,951,288	194,692	7,939	2,316,512	95.1	85.5
West Virginia	6,368,322	6,256,892	5,715,819	1,166,736	6,882,555	55,591	14,662	582,250	108.1	91.3
Wisconsin	23,483,454	22,375,617	21,595,236	2,855,663	24,450,899	64,633	801	1,822,784	104.1	96.5
Wyoming	18,939,013	18,605,950	17,036,870	2,712,918	19,749,788	66,054	16,522	1,819,567	104.3	91.6
Alaska	444,387	213,833	180,357	81,368	261,725	641		263,389	58.9	84.3
Hawaii	535,420	500,024	476,183	59,566	535,749	706		58,531	100.1	95.2
Puerto Rico	6,193,713	5,911,972	5,295,119	480,421	5,775,540	7,960		890,634	93.2	89.6
Virgin Islands	135,499	125,627	99,947	17,100	117,047			35,552	86.4	79.5

NOTE: Advances by states include transfers of loans between states for collection purposes.

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Table [illegible] Emergency Crop and Feed and Drought Relief Loans - Number and Amount of Loans Made, Collected and Written-Off through June 30, 1949

	Loans Made		Credits on Principal				Principal Balance Outstanding		Percent Principal Repayments to Advances
	Number	Amount	Collections	Debt Adjustments and Other Write-Offs	Reduced to Judgment	Total	Number	Amount	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Seed-Grain and Emergency Crop Loans 1918-1936	2,772,569	$308,557,596	$243,183,251	$17,824,817	$69,603	$261,077,671	458,861	$47,479.925	78.8
Emergency Crop and Feed Loans 1937-1947	1,385,894	195,351,079	178,207,874	2,558,407	25,340	180,791,621	134,120	14,559,458	91.2
Drought Relief Loans 1934-1935	300,614	72,008,540	44,747,778	7,552,947	66,026	52,366,751	98,735	19,641,789	62.1
Orchard Rehabilitation Loans 1942	13	17,355	15,740			15,740	2	1,615	90.7
Grand Total	4,459,090	$575,934,570	$466,154,643	$27,936,171	$160,969	$494,251,783	691,718	$81,682,787	80.9

NOTE: Interest collections in the amount of $48,222,819 for all types of loans are not included above.

Water Facilities Loans

1. Purpose of Loans: Under the Water Facilities Act of August 28, 1937, loans are made to individual farmers or ranchmen or to groups of from two to one hundred or more farmers when water resources are limited or too costly for the individuals to develop alone. Loans are of two types:

   A. Farmstead loans made to provide adequate water supplies close to the farm buildings for household use, for livestock, and for garden production by installing new facilities such as wells, ponds, and cisterns with appurtenant equipment or by improvements to existing facilities.

   B. Irrigation loans made to provide new facilities and to develop or improve existing facilities for supplying water for crop production. The types of facilities developed vary with the needs of the locality and may include such things as small irrigation systems, large water wells including pumping plants and farm distribution systems, low capacity pumps and sprinkler systems, or small storage reservoirs and dams.

2. Terms of Loans: Loans are scheduled to be repaid as rapidly as possible consistent with the borrowers repayment ability. However, loans are made for periods sufficiently long, generally not to exceed 20 years, to allow the operator to make repayment from income derived from the use of the facility. Interest is charged at 3 percent per annum on the unpaid balance of all loans. Loans are not approved for applicants who can secure adequate credit on reasonable terms from other credit sources.

3. Technical Assistance: Engineering assistance is given in planning and installing farmstead and irrigation facilities. Such assistance is necessary for efficient service of the installations and to assure repayment of the loans. Farm and home management guidance is provided as needed to assist in profitable utilization of the facilities.

4. Increasing Demand for Assistance: The demand for water facilities loans continues to increase rapidly as farmers in the arid and semi-arid areas of the 17 Western States realize the benefits to be received from the installation of needed water facilities on their farms. The number of applications from individuals for the 1949 fiscal year increased 18 percent over the preceding year; applications from associations increased 20 percent during the last fiscal year. It is anticipated that the demand for water facilities loans will continue to increase. Recent legislation which raised the limitation from $50,000 to $100,000 on the amount of water facilities loan funds that may be expended in connection with individual projects will make it possible to assist many water associations whose needs could not be served under prior limitations.

5. Significant Program Data

A. Applications: During the fiscal years 1946, 1947, 1948 and 1949 applications on hand and received during each year from individuals represented approximately three times as many loans as could be made. Only fourteen percent or less of the group applications could be met with loans in each of these years. Applications and number of loans made in recent years and estimated for 1950 are shown below:

(1) Individual Loans

Fiscal Year	Number Applicants	Number Initial Loans Made	Loans as % of Applicants
1946	2,744	996	36
1947	2,328	884	38
1948	2,408	769	32
1949	2,851	759	27
1950(Est.)	3,500	1,335	38

(2) Group Loans

1946		12	
1947	127	12	9
1948	110	15	14
1949	132	8	6
1950(Est.)	135	25	18

See Table I for detail by states.

B. Number and Amount of Loans: During the fiscal year 1949 approximately 13 percent of the loan funds were used for group loans and 87 percent for loans to individuals. Cumulatively loans to groups and individuals have been of about the same proportion. The tables below show the number and amount of loans during the 1949 fiscal year and cumulatively since inception of the program:

(1) Fiscal Year 1949

	Loans to Individuals		Loans to Groups		
	Initial	Supplemental	Initial	Supplemental	Total Loans
Number	759	79	8	11	857
Amount	$1,226,916	$82,023	$127,485	$73,850	$1,510,274

(2) Cumulative since inception of the program through 1949

	Number		Amount
	Initial	Supplemental	Obligated
Loans to Individuals	9,302	1,979	$8,457,785
Loans to Groups	113	29	1,878,785
Total	9,415	2,008	10,336,570

C. Average Size of Loans: Increased costs of labor and material used in irrigation and farmstead water facilities installations have reduced the number of farms that can be equipped with a given amount of money. Changes in the average size of loans since 1940 are shown in the following table:

Fiscal Year	Loans to Individuals		Loans to Groups	
	Initial	Supplemental	Initial	Supplemental
1940	$ 493	$	$ 6,169	$
1945	587	516	14,239	5,667
1948	1,461	905	18,019	2,660
1949	1,616	1,038	15,936	6,714

D. Repayment Progress: Since inception of the Water Facilities program, 58 percent of the individual borrowers receiving loans have paid their accounts in full. Eight of the 113 group loans have also been paid in full. The following statements show repayment progress cumulative since the inception of the program to June 30, 1949:

Loan advances and repayments cumulative to June 30, 1949

Loan Advances	Matured Principal	Principal Repayments	Interest Payments	Total Payments
$10,294,366	$5,103,850	$5,142,037	$622,415	$5,764,452

See Table II for detail by states.

E. Facilities for Which Loans Have Been Made: The table below shows the facilities for which loans have been made since inception of the program and for the fiscal year 1949:

Description	Fiscal Year 1949	Cumulative to June 30, 1949
Stock Water Facilities		
Number of ponds	16	681
Number of wells	342	4,775
Number of springs developed	12	201
Other facilities	50	1,774
Irrigation Facilities		
Number of dams	7	282
Number of wells	125	1,322
Number of pumps	44	1,292
Number of distribution systems	24	1,656
Other Facilities	141	1,159
Total	761	13,142

F. Economic Progress of Borrowers: A study was made at the end of the 1948 calendar year to ascertain the progress of all borrowers owing balances at the close of the 1948 crop year and operating farms containing the same acreage that they operated before installation of their water facilities. The table below summarizes data showing the progress made by these borrowers:

(1) Financial Position of Irrigation and Farmstead Loan Borrowers:

	Year Prior to Installation	December 31, 1948	Percent Increase
Assets	$9,867	$15,081	52.8
Liabilities	3,646	4,097	12.4
Net Worth	6,221	10,984	76.6
Value of Machinery, Equipment and Workstock	1,600	2,943	83.9

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Table I - Water Facilities Loans to Individuals and Groups - Number of Loans and Average Amount, 1947, 1948, and 1949 Fiscal Years and Cumulative From Inception of Program Through June 30, 1949

State	1947 fiscal year				1948 fiscal year				1949 fiscal year				Cumulative through June 30, 1949			
	Initial		Supplemental		Initial		Supplemental		Initial		Supplemental		Initial		Supplemental	
	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Loans to Individuals																
U. S. Total.....	884	$1,206	153	$846	769	$1,461	87	$905	759	$1,616	79	$1,038	9,302	$800	1,979	$511
Arizona.....	16	837	4	725	14	2,075	7	639	20	2,640	1	400	140	1,405	32	794
California.....	48	1,680	6	772	52	2,095	8	1,312	50	2,147	8	1,406	361	1,575	72	691
Colorado.....	53	877	9	938	27	1,084	1	2,900	54	1,620	5	1,083	410	904	45	783
Idaho.....	97	950	10	459	110	1,173	11	668	82	1,321	5	439	631	837	96	446
Kansas.....	39	1,896	1	500	52	1,276	1	500	31	2,242	1	500	445	722	44	237
Montana.....	48	1,166	11	714	45	1,845	8	654	48	1,737	11	1,068	372	985	54	635
Nebraska.....	32	1,692	5	1,045	21	2,387	2	780	33	2,353	4	1,594	509	868	31	897
Nevada.....	6	1,387	0	0	5	1,315	1	1,400	3	1,710	0	0	37	1,208	11	732
New Mexico.....	32	1,649	8	912	34	1,844	3	1,630	29	1,989	7	1,909	276	1,006	140	507
North Dakota.....	23	599	0	0	9	978	0	0	14	758	2	302	264	432	20	342
Oklahoma.....	99	551	31	402	82	686	5	325	115	853	7	718	1,144	428	313	267
Oregon.....	71	1,000	7	549	18	1,149	5	720	37	1,415	4	425	509	761	71	500
South Dakota.....	26	1,157	4	630	9	663	2	918	11	1,582	2	3,210	350	469	31	649
Texas.....	152	1,586	35	1,544	142	1,504	11	824	103	1,602	8	961	2,184	756	814	517
Utah.....	50	1,384	9	606	49	1,586	11	1,134	37	1,569	4	775	510	939	67	907
Washington.....	51	1,273	8	892	66	2,072	5	1,498	55	2,412	6	522	460	1,232	69	690
Wyoming.....	41	1,069	5	519	34	1,148	6	646	37	1,176	4	772	700	676	69	457
Loans to Groups																
U. S. Total.....	12	$19,215	2	$4,745	15	$18,019	5	$2,660	8	$15,936	11	$6,714	113	$15,253	29	$5,350
Arizona.....	1	7,500	0	0	1	42,000	0	0	1	11,500	0	0	6	22,833	1	3,000
California.....	0	0	0	0	0	0	1	8,500	0	0	0	0	3	15,000	2	10,250
Colorado.....	2	16,750	0	0	4	20,500	0	0	1	16,000	2	3,500	21	11,225	4	5,125
Idaho.....	3	17,033	0	0	3	6,562	2	1,600	2	10,250	1	1,500	27	16,023	6	4,189
Montana.....	2	16,500	0	0	1	3,800	0	0	1	43,000	1	7,500	8	18,785	1	7,500
Nevada.....	1	46,200	0	0	1	13,000	0	0	1	21,000	0	0	4	25,800	0	0
New Mexico.....	0	0	0	0	0	0	0	0	0	0	0	0	9	5,910	3	2,233
Oregon.....	0	0	0	0	1	15,000	0	0	0	0	1	4,500	6	15,669	2	3,688
Utah.....	1	50,000	2	4,745	2	26,500	0	0	0	0	5	10,470	17	18,855	7	8,834
Washington.....	2	4,640	0	0	1	16,000	2	800	2	7,742	1	1,000	9	6,920	3	867
Wyoming.....	0	0	0	0	1	25,800	0	0	0	0	0	0	3	29,933	0	0

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Table II

Water Facilities Loans, Maturities and Collections, Cumulative as of June 30, 1949 1/

State	Cumulative Loan Obligations 2/	Cumulative Loan Advances 2/	Matured Principal	Collections			Principal		Outstanding Principal Balance of Loan Advances	Ratio of Principal Repayments to Matured Principal
				Principal Repayments	Interest Payments	Totals	Write-Offs	Judgments		
U. S. Totals	$ 10,336,570	$ 10,294,366	$ 5,103,850	$ 5,142.037	$ 622,415	$ 5,764,452	$ 700	$ 1,152	$ 5,150,477	100.7
Arizona	362,120	348,254	123,193	118,391	22,613	141,004			229,863	96.1
California	683,951	690,253	311,058	316,792	37,205	353,997			373,461	101.8
Colorado	662,068	657,404	307,760	304,982	43,188	348,170			352,422	99.1
Idaho	1,029,018	1,035,939	439,225	457,719	80,578	538,297	145		578,075	104.2
Kansas	331,594	335,894	154,115	148,807	12,658	161,465			187,087	96.5
Montana	558,385	566,447	168,528	169,643	26,467	196,110			396,804	100.7
Nebraska	472,512	473,489	276,046	278,509	23,852	302,361			194,980	100.9
Nevada	155,954	126,930	51,939	50,714	9,437	60,151			76,216	97.6
New Mexico	408,535	410,669	188,038	177,896	18,294	196,190	394		232,379	94.6
North Dakota	120,991	120,362	96,598	95,558	5,704	101,262			24,804	98.9
Oklahoma	573,776	573,863	334,334	340,951	30,553	371,504			232,912	102.0
Oregon	524,414	510,782	292,726	302,710	37,196	339,906		400	207,672	103.4
South Dakota	184,308	183,561	125,473	119,792	9,777	129,569		295	63,474	95.5
Texas	2,072,334	2,088,993	1,348,904	1,357,710	125,751	1,483,461	161	199	730,923	100.6
Utah	921,801	923,488	278,661	288,149	61,960	350,109			635,339	103.4
Washington	680,060	670,859	269,459	272,182	30,202	302,384			398,677	101.0
Wyoming	594,749	577,179	337,793	341,532	46,980	388,512		258	235,389	101.1

1/ Includes Water Facilities loans to individuals and groups. 2/ Amounts reflected are cumulative obligations from inception of the program. Includes $3,038,874 obligated from "Loans, Grants and Rural Rehabilitation" funds. Loan advances represent charges to borrowers' accounts. The difference between obligations and advances represents unliquidated obligations, non-cash advances, and transfers of accounts between states for collection purposes.

Farm Housing and Other Farm Buildings

Title V of the Housing Act of 1949 authorizes loans and grants to owners of farms for the construction, improvement, alteration, repair or replacement of dwellings and other farm buildings. Loans for enlargement and development are also authorized on farms receiving loans for buildings. Funds for this program were first made available in the Supplemental Appropriation Act, 1950, approved October 14, 1949.

The purpose of the Farm Housing program is to assist owners of farms in providing themselves, their tenants, lessees, sharecroppers, and laborers with decent, safe, and sanitary living conditions and adequate farm buildings.

Improvement of farm housing and other farm buildings is one of the most pressing problems of rural areas. Approximately 1,400,000 rural farm dwelling units were in need of major repairs in 1947 according to a report by the Bureau of the Census. A large portion of the 3,000,000 farmers receiving the lower incomes are unable to obtain credit from private and cooperative sources for needed repairs, improvement, or construction at terms which they can reasonably be expected to fulfill.

1. Type of Loans and Grants: Loans and grants of the following types are authorized by the Act.

   A. Building Loans:

      (1) Section 502. Loans under this authorization are made to applicants with income sufficient to meet regular amortization payments of principal and interest. These loans are made for such purposes as construction, improvement, alteration, repair or replacement of dwellings and other farm buildings.

      (2) Section 503. Loans under this authorization are made to applicants who must make basic changes in their farm program before the income will be sufficient to meet annual payments of principal and interest. Loans under this authorization also are for the construction, improvement, alteration, repair or replacement of dwellings and other farm buildings.

      (3) Section 504(a). Under this authorization loans or loans in combination with grants are made to farm owner-occupants to cover the cost of minor improvements and repairs necessary for the safety and health of the occupant, his family or the community.

   B. Enlargement and Development Loans: Under the authorization of Section 504(b) loans are made for farm enlargement and development in connection with other loan or grant assistance for

dwellings and other farm buildings under the authorization of Section 503 and Section 504(a). This type assistance is designed to encourage adequate family-size farms and to provide the borrower income sufficient to support decent, safe and sanitary housing and other farm buildings.

C. Repair and Improvement Grants: Under Section 504(a) grants alone or in combination with loans are authorized to cover the cost of repairs and improvements necessary for the safety and sanitation of the occupant, his family or the community. Grants alone are made only to owner-occupants unable to repay a loan for such purposes as repairing roofs, providing toilet facilities, providing a sanitary water supply, supplying screens or making other repairs or improvements.

2. Limitation on Loans and Grants Authorized by Section 504(a): The Act limits loan and grant assistance under Section 504(a) to a total of $1,000. Grant assistance, whether or not combined with a loan may not exceed $500.

3. Source of Funds: Funds for building loans are borrowed from the Secretary of the Treasury in accordance with the provisions of the Act and as authorized by the Congress. Enlargement and development loans and repair and improvement grants are made from appropriated funds.

4. Terms of Loans: Loans may be made for periods of not to exceed 33 years and interest is charged at 4 percent per annum. Borrowers under Section 503 may receive credits as necessary during the first five years of the loan up to the amount of the interest payment and one-half of the principal payment. All Section 503 loans are amortized over the maximum 33 year period. Section 504(a) loans, by administrative limitation, may not be made for periods exceeding 10 years and are not generally made for more than 5 years. Moratorium on payment of principal and interest may be given to borrowers who due to circumstances beyond their control are unable to continue making payments of principal and interest without unduly impairing their standard of living. In cases of extreme hardship, interest due and payable may be cancelled during the moratorium.

5. Eligibility: Loans are made only to farm owners unable to secure credit for these purposes from other sources upon terms and conditions which they can reasonably be expected to fulfill. Preference is given to veterans and families of deceased servicemen.

6. Supervision and Technical Services: Engineers and local county supervisors furnish technical services to borrowers in connection with building plans, specifications, construction supervision and inspection, and advice and information regarding farm dwellings and other buildings. Borrowers under Section 503 are given assistance as needed by county supervisors in making adjustments in their farm and home operations.

7. Program for 1950: It is estimated that the amount of $25,000,000 available in 1950 for building loans will be sufficient to make about 9,000 loans under Section 502, 2,100 loans under Section 503, and 1,300 loans under Section 504. The amount of $2,000,000 available for enlargement and development loans and repair and improvement grants will provide about 3,000 loans and 2,300 grants alone or grants in combination with loans. The following table summarizes the estimated number and amount of loans and grants by section under the Act.

Loans and Grants	Number	Amount		
		Building loans	Building grants	Enlargement and development loans
Building loans only				
Section 502	9,000	$20,000,000		
Section 503	2,100	4,610,000		
Combination loans and grants, Section 504(a)	1,300	390,000	$390,000	
Grants alone, Section 504(a)	1,000		260,000	
Enlargement and development loans				
Section 503	1,500			$ 900,000
Section 504(a)	1,500			450,000
Total	16,400	$25,000,000	$650,000	$1,350,000

(b) Farm Tenant-Mortgage Insurance Fund, Farmers' Home Administration

This budget schedule covers an account established pursuant to Sections 11(a) and 12(e)(2) of the Farmers' Home Administration Act of 1946, approved August 14, 1946, (Public Law 731) which authorized the appropriation of not to exceed $25,000,000 for the establishment of such fund. The sum of $1,000,000 was provided in the Department of Agriculture Appropriation Act, 1948 for the establishment of the fund. This amount is to be supplemented by initial and annual charges collected from insured mortgagors and by such initial fees for inspection, appraisal and other charges as the Secretary of Agriculture finds necessary. One-half of the initial and annual charges collected from insured mortgagors as the premium for insurance and such amounts are appropriated under Section 11(a) are available for payments with respect to insured mortgages under Sections 12 and 13 of the Act. Pursuant to the authority contained in the Act, moneys not needed for current operations are being invested in direct obligations of the United States. The other one-half of the initial and annual charges are administrative expense charges, and together with such fees for inspection, appraisal and other chages as the Secretary may determine are available for administrative expenses in carrying out the provisions of the Act. It is estimated that receipts derived from these sources during the fiscal year 1950 available for administrative expenses will amount to approximately $80,000. It is proposed that these funds be transferred to the appropriation "Farmers' Home Administration" in the fiscal year 1951 to meet administrative expenses in connection with the mortgage insurance program for that year. This is $50,000 over the amount available in the fiscal year 1950 for such expenses.

(c) Loans to Farmers, 1948 Flood Damage, Department of Agriculture

Appropriated 1948 (Available to June 30, 1950)..... $6,000,000

PROJECT STATEMENT
(Amounts Shown Include Pay Act Costs)

Project	1949	1950 (estimated)	1951 (estimated)
1. Flood damage loans.....	$1,863,005	$3,046,007	- -
2. Salaries and expenses.....	46,240	44,748	- -
Total pay adjustment costs....	[- -]	[1,020]	
Balance available in subsequent year.....	4,090,755	- -	- -
Unobligated balance, estimated savings.....	- -	1,000,000	- -
Total available.....	6,000,000	4,090,755	- -
Prior year balance available..	-6,000,000	-4,090,755	- -
Total appropriation or estimate.....	- -	- -	- -

THE EMERGENCY PROGRAM

The Second Deficiency Appropriation Act, 1948 made available until June 30, 1949, $6,000,000 to provide loans to farmers whose property was destroyed or damaged by floods in the calendar year 1948. The First Deficiency Act, 1949, extended the availability of these funds to June 30, 1950, and included storms and other natural calamities occurring in either of the calendar years 1948 and 1949 as causes for which loans could be made. Administrative expenses are limited to 4 percent of the amount of loans made.

These loans are made for the restoration of buildings, purchase or repair of equipment, purchase of livestock, and for the continuation of farming operations. Loans are not made to farmers who are able to secure adequate credit on reasonable terms from other sources.

(d) Disaster Loans, etc., Revolving Fund, Department of Agriculture (Allotment to Farmers' Home Administration)

The Budget schedules reflect estimated obligations of $10,559,728 for fiscal year 1950 and $6,300,000 during fiscal year 1951 under an allotment to the Farmers' Home Administration, for loans and salaries and expenses, from the revolving fund established pursuant to Public Law 38 - 81st Congress, approved April 6, 1949.

Disaster loans are made to farmers and stockmen in areas where a production disaster has caused a need for agricultural credit not readily available from commercial banks, cooperative lending agencies, or other responsible sources. These loans are made at 3% interest for periods consistent with the anticipated ability of the borrower to repay. As of December 30, 1949, the Secretary of Agriculture had designated areas in 27 states as eligible for disaster loans.

Also included in this allotment schedule are funds for making loans to bona fide fur farmers needing credit, unobtainable from commercial banks, cooperative lending agencies or other responsible sources, in order to carry on their present fur farming operations. Such loans are made at 3% interest for periods consistent with the borrower's ability to repay.

STATEMENT OF OBLIGATIONS UNDER REVOLVING FUNDS, TRUST FUNDS, AND ALLOTMENTS
(Amounts Shown Below Include Pay Adjustment Costs)

Item	Obligations, 1949	Estimated obligations, 1950	Estimated obligations, 1951
Farm Tenant-Mortgage Insurance Fund:			
Revolving fund for payments with respect to insured mortgages under Sections 12 and 13 of the Farmers' Administration Act of 1946	$1,141	$11,000	$16,000
Disaster Loans, etc.; Revolving Fund, Department of Agriculture (Allotment to Farmers' Home Administration):			
For making emergency loans to farmers and stockmen suffering production disasters in accordance with provisions of P.L. 38, 81st Congress	990,272	10,559,728	6,300,000
Flood Control, Department of Agriculture (Allotment to Farmers' Home Administration):			
For assistance in the preparation of an agricultural plan for the Columbia Basin Area	- -	- -	7,000
Liquidation of Deposits, Lease and Purchase Contracts (Trust Account):			
For refund of deposits received toward purchase price of property sold under lease and purchase agreements, refunded upon conversion of the agreement to a deed or for application against the deed obligation	61,018	19,000	26,000
Operation and Maintenance of Resettlement and Rural Rehabilitation Projects (Trust Account):			
Receipts from operation of resettlement and rural rehabilitation projects, which were covered into the Treasury and constitute a special trust fund which was transferred to the Farmers' Home Administration for payments in lieu of taxes to taxing bodies and for operation and maintenance of such projects	234,719	66,000	- -

(Continued on next page)

Item	Obligations, 1949	Estimated obligations, 1950	Estimated obligations, 1951
State Rural Rehabilitation Corporation Funds (Trust Account):			
Funds of State Rural Rehabilitation Corporations made available to the Department for rural rehabilitation purposes within the several states, as follows:			
Salaries and expenses	1,119,979	1,272,000	1,154,000
Rural rehabilitation projects.	7,314	18,000	11,000
Loans	18,202,211	12,000,000	8,000,000
Total, State Rural Rehabilitation Corporation Funds	19,329,504	13,290,000	9,165,000
TOTAL, OBLIGATIONS UNDER REVOLVING FUNDS, TRUST FUNDS, AND ALLOTMENTS	20,616,654	23,945,728	15,514,000

PASSENGER MOTOR VEHICLES

The estimate for 1951 contemplates the replacement of 10 passenger motor vehicles under the appropriation "Farmers' Home Administration". These constitute less than 25% of the total number of cars now operated under this appropriation. The estimated mileage of the 10 cars to be replaced is as follows:

4 cars over 80,000 miles
3 cars over 70,000 miles
2 cars over 60,000 miles
1 car over 40,000 miles

One of the cars has less than 60,000 miles; however, it is in excess of six years old and has been subjected to strenous wear and tear as it is located in Hawaii where road and climatic conditions are unfavorable.

The net cost of replacing these 10 passenger motor vehicles is estimated at $10,000, based on a net average of $1,000 per vehicle.

These automobiles are being replaced in order to provide necessary transportation in State and Area Finance Offices for those employees who are required to travel intermittently in carrying out their duties in the field. They will be used whenever possible in providing pool transportation between specific points.

RURAL ELECTRIFICATION ADMINISTRATION

Purpose Statement

The Rural Electrification Administration was established by Executive Order 7037 of May 11, 1935 to make loans for the extension of central station electric service to unserved rural people. The agency was continued by the Rural Electrification Act approved May 20, 1936 and became a part of the Department of Agriculture, effective July 1, 1939, under Reorganization Plan II. Although on June 30, 1949, service had been extended by REA borrowers to 2,778,180 farms and rural establishments, approximately 3,400,000 rural dwellings and an additional number of other rural establishments did not have central station service, and it is expected that about 85% of these will be electrified through the rural electrification loan program.

Loans for construction of electric facilities are self-liquidating within a period of not to exceed 35 years, and they bear interest at the rate of 2 percent. Loans for consumer facilities are also at 2 percent interest but for shorter periods.

Fifty percent of the funds available for loans in any given year are reserved for loans in the various States on the basis of the proportion that each State's unelectrified farms bears to the total number of farms in the country which are without central station electric service. The other fifty percent and unobligated balances from prior years may be loaned at the discretion of the Administrator, but not more than 10 percent may be loaned in any one State or all of the Territories.

The principal borrowers of this Administration are cooperative associations formed solely for the purpose of making electricity available in rural areas. The Administration gives technical review and approval to construction plans and approves the completed construction of the electric systems. Selective guidance and assistance on business management matters are rendered to borrowers where necessary. Periodic audits are made to the records of all borrowers except those which have attained a certain level of financial responsibility. These latter are required to engage public accountants for this purpose.

On October 28, 1949, the Administration was authorized to make loans for the purpose of the improvement and expansion of telephone facilities in rural areas. These loans are authorized to be made on the same terms as the electrification loans.

The Rural Electrification Administration has no field offices. Relations with borrowers are maintained primarily through regional offices in Washington and a staff of full-time field employees working directly with the borrowers.

The Rural Electrification Administration on December 31, 1949 had 1,174 full-time employees, 888 of whom were in Washington, and the balance in the field.

Summary of Appropriations, 1950 and Estimates, 1951
(Amounts include estimated pay adjustment supplemental)

Item	Total estimated available, 1950	Budget estimates, 1951	Increase (+) or decrease (-)
Loans:			
Rural electrification	a/ $400,000,000	$400,000,000	.....
Rural telephones	25,000,000	b/	-$25,000,000
Administrative expenses	c/ 7,048,000	7,425,000	+377,000
Total	432,048,000	407,425,000	-24,623,000
Deduct authorization to borrow from Secretary of the Treasury	425,000,000	400,000,000	-25,000,000
Total direct annual appropriation	7,048,000	7,425,000	+377,000

Loans

(Rural Electrification)

Appropriation Act, 1950, authorization to borrow from Secretary of the Treasury	$400,000,000	a/
Budget Estimate, 1951, authorization to borrow from Secretary of the Treasury	400,000,000	
Change, 1951	- -	

(Rural Telephones)

Supplemental Appropriation Act, 1950, authorization to borrow from the Secretary of the Treasury	$25,000,000	
Budget Estimate, 1951, authorization to borrow from the Secretary of the Treasury	- -	b/
Decrease, 1951	-25,000,000	

a/ Includes anticipated use of $50,000,000 of the $150,000,000 authorized in the 1950 Agricultural Appropriation Act for REA loans upon certification of need by the Secretary of Agriculture.
b/ Submission of a budget amendment for 1951 for the rural telephone program is deferred pending availability of information necessary to determine fund requirements.
c/ Excludes $35,000 transferred to Office of the Solicitor for legal services in connection with the rural telephone program.

Salaries and Expenses

Appropriation Act, 1950	$6,063,000
Supplemental appropriations for 1950:	
(Supplemental Appropriation Act, 1950)	250,000
(Second Supplemental Appropriation Act, 1950)	650,000
Anticipated pay adjustment supplemental	120,000
Transferred to "Salaries and Expenses, Office of Solicitor, Department of Agriculture"	-35,000
Base for 1951	7,048,000
Budget Estimate, 1951	7,425,000
Increase	+377,000

SUMMARY OF INCREASES AND DECREASE, 1951

Increase necessary to place on a full-year basis in 1951 supplemental funds appropriated in the Second Supplemental Appropriation Act, 1950, which were in effect for only a part of fiscal year 1950, for increasingly difficult loan analyses on applications from "thinner" areas, for greater emphasis on area coverage; for loan servicing assistance in establishing and carrying out maintenance programs, and for providing increased management assistance	+537,000
To place on a full-year basis in 1951 pay adjustments under P. L. 429 which were in effect for only part of fiscal year 1950	+55,000
Apparent decrease of $215,000 for the rural telephone program for which a Budget amendment will be submitted as soon as necessary information is available to determine program requirements	-215,000

PROJECT STATEMENT
(Amounts shown include pay adjustment costs)

Project	1949	1950 (estimated)	Increase or decrease			1951 (estimated)
			P.L. 429 adjustment	Telephone	Electrification	
1. Loan analysis and system development activities	$1,697,033	$2,078,122	+15,675	-100,695	+159,319 (1)	$2,152,421
2. Construction and technical operating assistance	1,696,955	2,135,456	+17,325	-53,629	+231,874 (2)	2,331,026
3. Business management assistance	855,840	1,041,807	+8,195	-28,100	+123,116 (3)	1,145,018

(Continued on next page)

Project	1949	1950 (estimated)	Increase or decrease: P.L. 429 adjustment	Increase or decrease: Telephone	Increase or decrease: Electrification	1951 (estimated)
4. Auditing, loan accounting and collecting	1,492,229	1,521,378	+11,605	-14,401	(4) +7,853	1,526,435
5. Technical standardization	225,352	271,237	+2,200	-18,175	(5) +14,838	270,100
Total pay adjustment costs:						
Public Law 429	[- -]	[120,000]	[55,000]	[- -]	[- -]	[175,000]
Public Law 359	[- -]	[3,320]	[1,350]	[- -]	[- -]	[4,670]
Unobligated balance	41,015	- -	- -	- -	- -	- -
Total available	6,008,424	7,048,000	(7) +55,000	(6) -215,000	+537,000	7,425,000
Transfer in 1950 estimates from "Printing and binding, Department of Agriculture".	-53,790	- -				
Transferred to "Salaries and expenses, Office of Information, Department of Agriculture"	+1,366					
Transferred to "Salaries and expenses, Office of Solicitor, Department of Agriculture"	- -	+35,000				
Anticipated pay adjustment supplemental.	- -	-120,000				
Total appropriation or estimate	5,956,000	6,963,000				

INCREASES AND DECREASES

The recommended loan authorization of $400,000,000 in 1951 will permit a continuation of the level of the loan program which is scheduled for the fiscal year 1950.

Loan Funds: A loan program of $400,000,000 is planned for 1950, which will include the use of an estimated $50,000,000 of the $150,000,000 contingent borrowing authorization made available for that year. Under this schedule, there will be no carry-over of loan funds into 1951, beyond the amounts which were restricted by the statutory reservations of funds, by States. A loan authorization of $400,000,000 is believed necessary to meet loan requirements in 1951, and will enable maintenance of the present level of progress on rural electrification.

Advance of Funds: Funds loaned to borrowers are advanced only as needed to meet construction, labor and material costs. Funds estimated to be advanced in 1950 amount to $390,000,000, and in 1951 will amount to $425,000,000, the largest amount advanced in any one fiscal year. The construction program contemplated by these advances will result in an additional 180,000 miles of lines energized in 1950 and 190,000 miles in 1951, providing service to approximately 522,000 new consumers in 1950 and 550,000 in 1951. Thus by the end of the fiscal year 1951, the REA-financed systems will have energized about 1,210,000 miles of distribution lines providing electric service to approximately 3,850,000 rural consumers.

Problems: Loans from the inception of the program to June 30, 1949 totaled $1,830,000,000 of which approximately $1,272,000,000 had been advanced with about $125,000,000 in principal repayments, leaving a balance of loans outstanding of approximately $1,147,000,000. These figures represent about 1,055 electric service systems, mostly cooperative in nature, with 840,000 miles of distribution lines serving in the neighborhood of 2,778,000 consumers with an additional 165,000 miles and 478,000 consumers to be provided by loans made but not advanced. In addition, there are about eighty generation and transmission systems. Inasmuch as most of the 1,055 systems are operated by cooperative associations, formed for the purpose, with relatively little experience in this field, there are many problems arising from day to day which can be solved only through the assistance of the REA. The more important of these problems are outlined below:

1. Rapidly increasing use of electricity by consumers is placing a considerable burden on present capacity, necessitating loans of substantial sums to permit increasing the capacity of existing facilities.

2. The shortage of power at needed locations is very acute in many areas of the country, creating problems for the REA borrowers in obtaining and supplying adequate power. To meet these problems REA is providing assistance to borrowers in securing additional sources of power, in financing transmission lines to get the power to the location where it is needed and in making more efficient use of power now available.

3. In many states, the more thickly populated areas are well along toward complete electrification, and efforts in the future must be directed to electrifying the increasingly "thinner" areas and areas of more difficult terrain. This requires closer planning and review in order that proposed facilities will offer reasonable assurance of repayment of loans.

4. Assistance to borrowers on problems of management, maintenance, and technical operation of distribution, generation, and transmission facilities is becoming more necessary as systems grow and capacity expands.

During recent years, the foregoing matters have necessarily been given inadequate attention because of the absolute necessity of giving major attention to the construction of facilities in order that rural residents might be given the benefits of electric service at as early a date as possible. However, recent developments have shown that further lack of attention to these matters will inevitably result in deterioration of service rendered by these systems and endanger the Government's investment therein. The needs in these respects were recognized by the Congress in providing an additional amount for the fiscal year 1950. The agency has embarked on definite, expanded programs to correct adverse situations that have arisen and to take measures to prevent the development of such situations in the future. It is essential that the programs initiated for a portion of the fiscal year 1950 be continued and intensified throughout the fiscal year 1951.

Rural Telephone Program

The Act of October 28, 1949, authorized a program for the improvement and expansion of telephone service in rural areas. $25,000,000 for loans for this purpose has been provided for the fiscal year 1950. The policies and procedures to be used in making these loans are being rapidly developed and on December 27, 1949, a bulletin was issued giving an initial statement of policies and of methods of making loans and making available an application blank for the use of potential borrowers. Widespread interest in this program is evidenced by the many hundreds of inquiries received and as of January 13, 1950, there were already on hand 60 formal applications for loans totaling nearly $6,000,000. It is expected that the $25,000,000 which is available for telephone loans during the fiscal year 1950 will be fully obligated by the end of the year.

An estimate for 1951 for rural telephone loans will be submitted as an amendment to the regular 1951 budget as soon as the necessary information is available upon which to determine program requirements.

The net increase of $377,000 in this item for 1951 consists of the following:

(1) An increase of $159,319 under the project "Loan analysis and system development activities" for electrification activities to place on a full year basis the additional staff authorized by the 1950 Supplemental

Appropriation to conduct the increased workload under this project. This increase in workload reflects primarily the additional assistance necessary to guide and help borrowers extend service to unserved farm people and thereby achieve area coverage. Further, there is an increasing percentage of applications from "thinner" areas and these require a proportionately greater amount of time to review and appraise in order to determine feasibility.

(2) An increase of $231,874 under the project "Construction and technical operating assistance" for electrification activities to place on a full year basis the additional staff authorized by the 1950 Supplemental Appropriation to conduct the increased workload under this project. This workload in 1951 consists primarily of (1) reducing accumulated backlogs in the inspection of construction work while in progress and at completion so that contractors may be paid promptly, (2) rendering additional needed assistance to borrowers in setting up systematic maintenance programs, and (3) aiding in the solution of technical operating problems so as to avoid poor voltage, outages, and other causes of poor or interrupted service. Until the 1950 fiscal year, much of the work relating to operations was inadequately performed because of the heavy lending and construction programs.

(3) An increase of $123,116 under the project "Business management assistance" for electrification activities to place on a full year basis the additional staff authorized by the 1950 Supplemental Appropriation Act. This will provide for the necessary attention to the security of the REA loans through adequate business management guidance, where it is needed by REA borrowers. Such "loan-servicing" attention includes assistance to the managements of those borrowers which are delinquent in debt service payments to REA, to those with unfavorable financial trends, to borrowers with new managers and to those which have given inadequate attention to basic financial or inventory records.

(4) An increase of $7,853 under the project "Auditing, loan accounting and collecting" to place on a full-year basis, revised per diem and mileage rates which were in effect for only part of fiscal year 1950.

(5) An increase of $14,838 under the project "Technical standardization" for electrification activities under this project, to place on a full year basis the staff authorized in the Supplemental Appropriation Act, 1950 for this work. The additional work to be continued during 1951 will consist of evaluation of the long time performance of electric line materials, preparation of technical data necessary to adequate systematic maintenance programs, and studies of the performance of the new 25 kv distribution systems.

(6) An apparent decrease of $215,000 for telephone activities for which provision was made in the Supplemental Appropriation Act, 1950, but for which no amount is now included in the 1951 estimate. It is contemplated that a request for administrative funds for the telephone program will be requested through an amendment to the 1951 estimate as soon as program requirements for that year can be determined.

(7) Increase of $55,000 to place on a full-year basis in 1951 pay adjustments under P.L. 429 which were in effect for only part of the fiscal year 1950.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

To carry into effect the provisions of the Rural Electrification Act of 1936, as amended (7 U.S.C. 901-915), as follows:

/To carry into effect the provisions of the Rural Electrification Act, as amended, and to provide for rural telephones and
1 other purposes: Provided, That the following two paragraphs shall be effective only upon the enactment into law during the first session of the Eighty-first Congress of H. R. 2960, as follows:/

Salaries and expenses: For administrative expenses, including
2 personal services in the District of Columbia /; not to exceed $500 for newspapers;/, and not to exceed $500 for financial and credit reports /; $6,063,000/, $7,425,000.

/Salaries and expenses: For an additional amount for administrative expenses, including personal services in the District
3 of Columbia, $250,000, of which amount $35,000 shall be transferred to and made a part of the appropriation for the Office of the Solicitor./

The first and third changes in language are for the purpose of eliminating language provided in the Supplemental Appropriation Act, 1950, for the rural telephone program. A Budget amendment will be proposed for this program as soon as financial requirements for 1951 can be determined.

The second change in language deletes the limitation on the purchase of newspapers. Public Law 600, approved August 2, 1946, repealed the former statutory requirement that specific authorization for the purchase of newspapers, books of reference and periodicals be carried in either substantive legislation or the appropriation act. Therefore retention of the subject limitation is no longer necessary and its deletion is proposed to simplify the accounting and audit work incidental thereto.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

Loans: For loans in accordance with sections 3, 4, and 5 of said Act, and for carrying out the provisions of section 7 thereof, [$350,000,000] $400,000,000, to be borrowed from the Secretary of the Treasury in accordance with the provisions of section 3(a) of said Act [, and such additional
1 amounts, not to exceed a total of $150,000,000, to be borrowed under the same terms and conditions if and to the extent that the Secretary of Agriculture shall certify, from time to time, to the Secretary of the Treasury that such additional amounts are required during the fiscal year 1950, under the then existing conditions, for the expeditious and orderly development of the program].

[Loans: For loans in accordance with title II and for carrying out the provisions of section 7 of title I,
2 $25,000,000, to be borrowed from the Secretary of the Treasury in accordance with the applicable provisions of section 3 of title I.]

The first change in language proposes deletion of the provision for additional borrowing authorization on a contingency basis included in the 1950 Appropriation Act, since the estimates provide for a loan authorization of $400,000,000 for fiscal year 1951.

The second change in language is for the purpose of eliminating language provided in the Supplemental Appropriation Act, 1950, for rural telephone loan program. A Budget amendment will be proposed for this program as soon as financial requirements for 1951 can be determined.

STATUS OF PROGRAM

Current Activities of the Agency fall into two general categories: first, the lending and construction activities pointed toward the goal of area coverage, and second, the loan servicing activities for meeting the vastly increased responsibilities concerned with safeguarding outstanding loans. The $388,000,000 backlog of applications, on hand and in process in the field on December 2, 1949, is indicative of the continued pressure for electric service from unserved farmers and other rural residents, who on June 30, 1949 numbered approximately 3,400,000 in addition to thousands of non-residential rural consumers still without electricity. The fact that $1,943,000,000 in loans has already been made indicates the need for continuing attention to loan servicing work to assure that the funds will be paid back on schedule. The scope of current program activities is illustrated by the following:

1. Lending and Construction Activities

Expediting area coverage. The House Committee on Appropriations in its report on the 1950 Agricultural Appropriation Bill, directed "the attention of the agency to the need to speed up the expansion of some local cooperatives which seem to be slow in expanding to new subscribers". Accordingly, the Agency is giving additional guidance to borrowers to help them develop plans for completing their area coverage. Principally, this consists of assisting the borrowers in the development of plans that will enable them to extend service to all unserved consumers on a self-liquidating basis.

Developing plans to serve "thinner" areas. Electrification of the "thinner" areas constitutes an increasingly important aspect of the loan program. As a result, more and more of the applications received pose fundamental problems of feasibility and system development that require substantially greater amounts of time and attention than the loans of previous years. Solution of such problems requires a great variety of approaches and arrangements such as the development of new power sources, the integration of town and country loads, or the establishment of minimum guarantees to offset low density. In the case of many loan applications, complete area studies to determine ultimate power loads and economic capacity are needed in order to appraise adequately the feasibility of the loan.

Overcoming power shortages. Lack of adequate low-cost power is a block to fulfillment of rural electrification in many areas. As a result, the Agency is called upon to devote more time and attention to the solution of many power supply problems, such as the inadequacy of generation and transmission

capacity and wholesale rates that are so high as to prevent feasible system operation. The demand for funds to finance generation plants and transmission facilities reflects the urgency of the problem. The backlog of applications for loans for these purposes stood at over $207,000,000 on December 2, 1949.

Expanding system capacity to meet load growth. The consumption of electricity by consumers of borrowers' systems continues to increase. Since 1941, the December average consumption per farm consumer has more than doubled and the December 1948 usage of 120 kwh per residential consumer compares with 105 kwh a year ago, an increase of 14 percent. In addition, the number of consumers served by the average system has also doubled since 1941. To meet this increased demand for power, nearly every loan made to an existing borrower now includes provision for "heavying-up"--that is, increasing the capacity of existing sections of borrowers' systems.

2. Loan Servicing Responsibilities

Insuring security through prompt servicing. The Government's real security for approximately 1 1/3 billion dollars in REA loans outstanding is in the soundly operated, reliable, serviceable rural electric facilities which produce sufficient revenue to pay off the Government loans. Since guidance in the field of cooperative rural electrification is not readily available from any other source, REA must guide and assist borrowers to the extent necessary in meeting their management and other operating problems. The tremendous expansion of the postwar loan programs has intensified the problem and underscores the need for prompt loan servicing work.

Encouraging systematic maintenance programs. During 1950, the Agency has found it necessary to increase its attention to technical operations and maintenance activities to meet the needs of its borrowers. Of the 840,000 miles of distribution line in operation in June 1949, nearly 400,000 miles had been in service for at least five years. Relatively few borrowers have inaugurated systematic maintenance programs to insure continuation of dependable service. More than 80 borrowers have generating plants in operation, and these require maintenance programs of a very exacting nature. It is becoming more and more evident that borrowers face an increasing number of technical operating problems requiring REA assistance for their solution. As a result of additional funds made available for 1950, REA has been enabled to get under way a specific program of guidance and training in the fields of system maintenance and technical operations.

Providing cooperative business management guidance. The importance of this activity is demonstrated by the increase in the number of borrowers reporting deficits on an accrual basis-138 in 1946, 166 in 1947, and 243 in 1948. Business management problems grow as the cooperatives grow in size and their volume of business expands. Many of these problems and backlogs stem from heavy construction activities in recent years. Other more basic problems stem from the fact that experience in the cooperative rural electrification field still does not extend beyond a few years. Expanded assistance to borrowers on a selective basis in their business management problems is made possible by increased funds in the fiscal year 1950.

Encouraging member understanding and participation. The rural electric cooperatives, which have borrowed more than 95 percent of REA's loan funds, have a unique asset in that their consumers are also the owners of the facilities that serve them. This fact is of significance not only to the consumers themselves, who as owners can exercise greater control over the service they receive, but also to REA whose loans are supported by the combined business acumen and integrity of these people. Consumer ownership is of value, however, only to the extent that the consumers exercise their responsibilities as owners. Experience shows, for example, that cooperatives with informed, active members are less likely to have financial and operating problems than those with apathetic members. The Agency, therefore, is safeguarding its outstanding loans by encouraging its cooperative borrowers to undertake more effective member relations programs.

An important aspect of this service is to encourage borrowers to assist their members in making the most efficient use of available electric power. Not only does this have a bearing on cooperative revenues, but it helps the cooperative fulfill its main purpose-that of giving its consumers the greatest possible benefit from the service rendered. In both respects the result is that the Government's loan security is strengthened.

Selected examples of recent progress and operational data.

1. Number of consumers connected at record high. A new record in consumer connections was set for the second successive year, when the REA borrowers added approximately 515,000 consumers to their lines in the 12 months ended June 30, 1949. This was accomplished through the construction of more than 173,000 miles of electric lines. These accomplishments brought the total number of miles of energized lines operated by REA borrowers to 839,000 and the total consumers to

2,778,000. For the fiscal year 1950, it is estimated that 180,000 miles of line to serve 522,000 rural consumers will be built and energized.

2. Loans approved and advances of loan funds. During the fiscal year 1949, loans made totalled over $448,000,000-almost 50 percent greater than the highest previous year. Advances of loan funds during the year were about $321,000,000. During fiscal year 1950, loans are expected to reach $400,000,000 and advances to total about $390,000,000.

3. Loan payments by borrowers. Significant data, as of September 30, 1949, are as follows:

Cumulative total of loans	$1,898,365,858
Cumulative total of advances	1,358,606,527
Principal due	105,618,312
Principal repaid	124,756,119
Advance payments (included in preceding item)	19,782,981
Interest due	88,642,328
Interest paid	88,277,267
Delinquent payments (overdue more than 30 days)	975,750

Since debt service schedules generally provide for a 2- or 5-year accumulation period after a loan is made, this record of debt service payments against amounts now due is not a full measure of the borrowers' ability to meet their maximum debt service requirements which will be reached in subsequent years.

4. Transfer of responsibility to borrowers. It is a continuing policy of REA to help the borrowers become more and more self-reliant. An example of this practice is the requirement that borrowers having a specified age and net worth must arrange for their own auditing service (except of loan funds), thus relieving the REA staff of this part of the auditing workload. During 1950, 166 of the borrowers are engaging qualified accountants to make such audits in accordance with REA specifications.

5. Administration of program constantly improved. Every effort is being made to devise methods and effect additional economies that will enable the limited staff available to handle a program that has grown to more than four times its pre-war size. Examples of these efforts are: (a) improved training

methods for borrowers' managers; (b) simplification of requisition and expenditure reports; (c) restudy of basic data used in retail rate design due to present higher level of electric consumption; (d) revision of basis for determining the fees of borrowers' consulting engineers; (e) guides for the use, on rural systems, of voltage regulators and shunt capacitors.

The cumulative figures presented in the following tables show the progress of the rural electrification program since its inception in May 1935:

LOANS

Table No. 1

Date	Total Net Loans All Purposes	Miles to be Constructed (Loan Estimate)	Consumers to be Served (Loan Estimate)
June 30, 1936.....	$ 13,903,412	13,072	48,997
June 30, 1937.....	58,936,217	54,407	193,529
June 30, 1938.....	88,172,426	80,951	282,808
June 30, 1939.....	227,236,949	209,818	724,999
June 30, 1940.....	268,972,949	251,642	854,823
June 30, 1941.....	369,027,621	336,053	1,171,867
June 30, 1942.....	460,180,345	409,490	1,345,107
June 30, 1943.....	466,881,323	414,287	1,358,114
June 30, 1944.....	498,811,447	448,889	1,438,567
June 30, 1945.....	564,968,184	507,105	1,581,431
June 30, 1946.....	817,086,990	674,742	2,088,127
June 30, 1947.....	1,068,436,162	811,019	2,484,503
June 30, 1948.....	1,381,459,261	931,467	2,847,991
June 30, 1949.....	1,830,318,858	1,097,705	3,352,603

CONSTRUCTION

Table No. II

Date	Funds Advanced	Miles Energized	Consumers Connected	Total KWH Billed (Annual)
June 30, 1936.....	$ 823,262	400	693	a/
June 30, 1937.....	11,864,836	8,000	19,611	a/
June 30, 1938.....	60,040,810	41,736	104,528	a/
June 30, 1939.....	122,337,824	115,230	268,000	a/
June 30, 1940.....	221,287,287	232,978	549,604	a/
June 30, 1941.....	296,395,142	307,769	779,561	566,422,777
June 30, 1942.....	354,616,010	369,129	981,193	893,461,286
June 30, 1943.....	369,152,582	381,747	1,041,821	1,460,460,571
June 30, 1944.....	387,630,670	397,861	1,152,031	1,791,607,706
June 30, 1945.....	427,566,738	424,072	1,287,347	2,066,121,706
June 30, 1946.....	514,819,844	474,837	1,549,057	2,185,149,697
June 30, 1947.....	704,905,701	546,781	1,843,351	2,861,024,042
June 30, 1948.....	951,141,658	666,156	2,263,869	4,016,273,673
June 30, 1949.....	1,272,428,526	839,685	2,778,180	5,474,001,598

a/ Not available.

The following table presents averages for REA-financed systems by age groups, based on average age of the miles of distribution line comprising the systems. The development of these systems with increased operating experience is illustrated by the trends shown. It will be noted that on the average, as the systems become older, there is an increase in the number of consumers connected per mile of line, the average monthly energy consumption, and revenue per mile, and a decrease in the proportion of consumers paying minimum bills.

OPERATING STATISTICS OF REA BORROWERS OPERATING RURAL DISTRIBUTION SYSTEMS BY AGE GROUPS - MEDIAN AVERAGES - DECEMBER 1948

Table No. III

Age Class (Months)	Average Age (Months)	Systems Included	Consumers Per Mile	KWH Per Residential Consumer	Percent Minimum Bills	Revenue Per Mile
1-36	16	154	225	110	21	$13.01
37-48	44	93	288	89	24	14.61
49-60	55	178	308	93	20	14.42
61-72	66	181	331	114	16	17.53
73-84	79	132	310	144	14	19.08
85-96	91	81	326	180	12	22.42
97 and over	108	76	369	202	10	26.49
All Systems	62	895	309	120	18	17.30

STATEMENT OF OBLIGATIONS UNDER ALLOTMENT AND WORKING FUND
(Amounts Shown Include Pay Adjustment Costs)

Item	Obligations, 1949	Estimated obligations, 1950	Estimated obligations, 1951
Flood Control, Department of Agriculture (Rural Electrification Administration)			
Assistance in preparation of an agricultural plan for the Columbia Basin area	- -	- -	$38,000
Working Fund, Agriculture, General (Rural Electrification Administration) Advanced from Public Buildings Administration:			
For recentralization expenses of employees returned from St. Louis, Missouri	$137	- -	- -
TOTAL, OBLIGATIONS UNDER ALLOTMENT AND WORKING FUND	137	- -	38,000

FEDERAL CROP INSURANCE CORPORATION

Purpose Statement

The Federal Crop Insurance Corporation was created February 16, 1938 to alleviate the economic distress caused by crop failures due to unavoidable causes. In accordance with P. L. 268, approved August 25, 1949, all insurance programs are being conducted on a gradual expansion basis to develop the experience necessary to operate successful national programs.

The insurance program falls into two broad types of coverage; namely, commodity and monetary. Commodity insurance guarantees production in bushels or pounds of the commodity, and is being used as the higher coverage type designed to provide protection approximating the investment in the crop. Monetary insurance, guaranteeing an amount in dollars, is a lower premium and lower coverage type offered to farmers who feel they can absorb greater losses but require protection for out-of-pocket costs.

An insurance policy covering a single crop is used in the greater number of counties. The Corporation realizes that in general farming areas where farm income is diversified the insurance of a single crop does not provide the most satisfactory insurance. Consequently, it has developed a multiple crop insurance policy which will cover a number of crops combined. Under this policy the coverage for all crops insured on the farm is combined and a loss under the policy arises only when the value of the total production of the insured crops does not equal the combined coverage. The farmer benefits from the more comprehensive coverage and the lower premium rates resulting from combined coverage; the Corporation assumes less potential liability through the greater spread of risk.

Insurance is being offered in crop year 1950 in a total of 637 counties covering wheat, cotton, flax, corn, tobacco, bean, amd multiple crops. It is proposed to expand the program in crop year 1951 to 877 counties.

Summary of Insurance Operations and Changes in Capital a/

	Fiscal Years		
	1949	1950	1951
Net capital at beginning of year.....	$29,814,983	$32,918,002	$30,120,612
Additions to capital during the year:			
Insurance premiums.....	12,698,272	11,564,300	20,177,400
Sales of commodities.....	6,722,201	2,182,769	--
Interest and other income.....	--	279,500	250,000
Total capital available for insurance operations during year..	49,235,456	46,944,571	50,548,012
Deductions from capital during year:			
Insurance indemnities.....	6,825,123	14,449,100	18,159,600
Cost of commodities sold.....	6,748,138	2,182,769	--
Adjustments for prior crop years....	2,680,693	134,290	--
Provision for estimated bad debts...	63,500	57,800	100,900
Total deductions from capital.....	16,317,454	16,823,959	18,260,500
Net capital at end of year.....	$32,918,002	$30,120,612	$32,287,512

a/ Data for fiscal years 1950 and 1951 do not agree with 1951 Budget but are based on estimates as of December 30, 1949 which were included in the annual report of the Corporation submitted to the Congress in accordance with the Federal Crop Insurance Act.

The crop insurance programs are developed and analyzed mainly in the headquarters office and are administered in the field through 30 state offices and through cooperative agreements with the Production and Marketing Administration County Committees. Program accounting and contract servicing functions are performed by the branch office in Chicago. As of November 30, 1949, the corporation employed 441 full-time employees, 126 of whom are in Washington, and the balance in the field; and 448 part-time field employees.

	Estimated, 1950	Budget Estimate, 1951
Appropriated funds (Operating expenses)	$5,123,000	$7,450,000

Operating Expenses

Appropriation Act, 1950	$4,054,000
Supplemental appropriation for 1950 (Second Supplemental Appropriation Act, 1950)	1,000,000
Anticipated pay adjustment supplemental	69,000
Base for 1951	5,123,000
Budget Estimate, 1951	7,450,000
Increase, 1951	2,327,000

SUMMARY OF INCREASES, 1951

For developmental, introductory, sales, and service costs to add 240 counties and 115,300 contracts to the program in 1951	+$1,154,835
For collecting premiums, inspecting growing crops, adjusting losses and servicing the 124,000 contract increase in crop year 1950	+1,016,865
For salary increase of PMA County personnel	+124,900
To place on a full-year basis in 1951, pay adjustments under P. L. 429 which were in effect for only a part of fiscal year 1950	+30,400

PROJECT STATEMENT
(Amounts Shown Include Pay Adjustment Costs)

Project	1949	1950 (estimated)	Increase: P. L. 429 adjustments	Increase: Other	1951 (estimated)
1. Insurance and actuarial structure	$483,219	$775,560	+$5,500	+$188,460(1)	$969,520
2. Contract sales and servicing	1,302,946	1,688,235	+11,100	+730,625(2)	2,429,960
3. Commissions	430,507	580,800	-	+460,400(3)	1,041,200
4. Premium collections	909,183	626,530	+4,900	+257,390(4)	888,820
5. Crop inspections and loss adjustments	926,437	1,451,875	+8,900	+659,725(5)	2,120,500
Total pay adjustment costs:					
Public Law 429	[--]	[69,000]	[+30,400]	[+31,300]	[130,700]
Public Law 359	[--]	[2,500]	--	[+1,200]	[3,700]
Unobligated balance	428,509	--	--	--	--
Total available	4,480,801	5,123,000	30,400(6)	+2,296,600	7,450,000
Anticipated pay adjustment supplemental	--	69,000			
1948 balance reappropriated in 1949	-588,101	--			
Total appropriation or estimate	3,892,700	5,054,000			

INCREASES

The increase of $2,327,000 in this item for 1951 is composed of the following:

(1) Increase of $188,460 under the project "Insurance and actuarial structure" to develop insurance programs and establish rates and coverages for 240 counties being added to the program effective on the 1951 crop.

Size of 1951 Program Increases: The 1951 insurance program proposes to add 230 new counties for the presently established commodities and 10 counties for new commodities. Workable insurance programs built on sound actuarial structures must be developed for each of these counties and commodities.

Development of Program and Actuarial Structure: County advisory groups, farmers, and business men are contacted to ascertain the type of insurance program desired and to discuss the benefits resulting to the economy of the County. The state and Washington offices, in cooperation with the PMA County Committees, select counties, develop the program, and supervise its installation. After a type of program has been developed, procedures are prepared for its operation. Operations are carefully watched and, whenever it is deemed advisable, programs are revised to reflect changes in needs and improvements in operations.

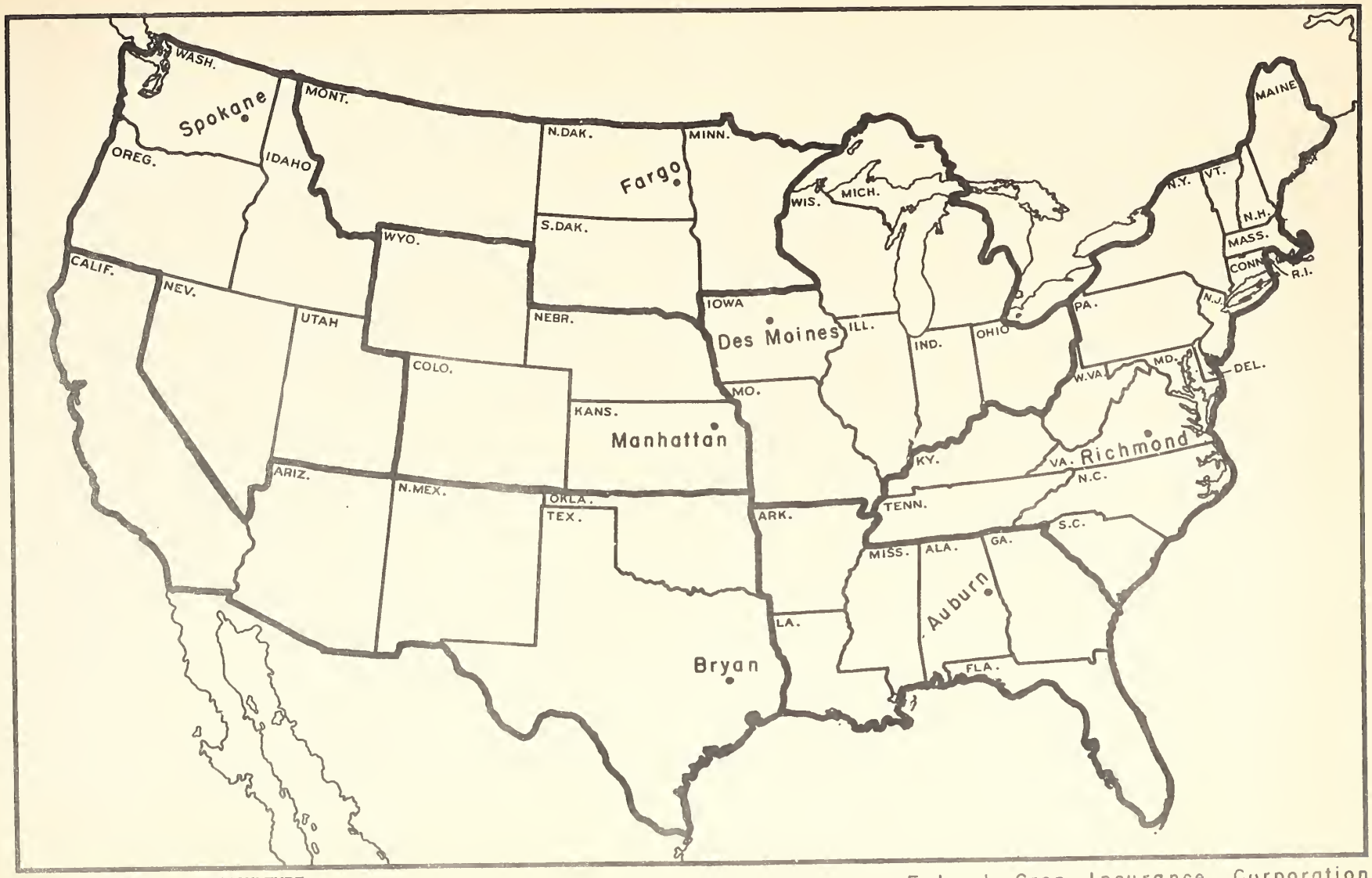
Much of the work in connection with the development of an actuarial structure is of a contractual nature to furnish (1) county surveys that will enable the corporation to establish rates and coverages commensurate with the risk involved and (2) adequate yield, cost of production, and farming practice data in order to avoid offering insurance coverage in excess of the farmer's investment in the crop. The actuarial data must be constantly reviewed and refined to keep insurance liability in line with cultural practices currently being carried out.

The contracts for county survey work are made with the PMA County Committees and cover surveys on new counties coming into the program, reworking of assembled data on counties already in the program, and surveys of counties to replace those not qualifying. Contracts to furnish cost of production data and farming practice data are made with other governmental agencies.

In addition to the contractual work, the Corporation maintains a field underwriting staff in seven districts (see map) to supervise county underwriting activities.

The estimated workload and cost is as follows:

FIELD UNDERWRITING OFFICES



U. S. DEPARTMENT OF AGRICULTURE

Federal Crop Insurance Corporation

Activity	Fiscal Year 1950 Ave. Cost	Fiscal Year 1950 No. Cos.	Fiscal Year 1950 Cost	Fiscal Year 1951 Ave. Cost	Fiscal Year 1951 No. Cos.	Fiscal Year 1951 Cost	Increase
1. County survey work.....	$500	266	$133,000	$540/a	350	$189,000	+$56,000
2. Cost of production, yield, and farming practice data.....			82,000			122,000	+40,000
3. Rate analyst staff.....			55,675			70,520	+14,845
4. Program development and rate structure.....			504,885			582,500	+77,615
Sub-total.....			775,560			964,020	188,460
Pay adjustment, 1951.....			-			5,500	+5,500
Total cost.....			$775,560			$969,520	+$193,960

/a The increase in average cost over 1950 consists of the proposed pay increase for county association employees.

(2) Increase of $730,625 under the project "Contract sales and servicing" to conduct sales campaigns in 240 new counties, to process applications, and to service the contracts in force:

Expansion Increases Sales Activities: The expansion authorized by Public Law 268 necessitates educational and sales development activities in each of the new counties. The applications for insurance must be processed, acreage reports collected, and the contracts in force generally serviced.

PMA County Committees Perform Large Part of Sales and Service Work: Sales plans are developed and directed by the Washington and state offices. In the majority of cases, the program at the county level is conducted by the PMA County Committees on a contractual basis. The Committees conduct the sales campaigns, and transmit applications to the Corporation state offices. After their acceptance by the state director, policies are issued and the applications are forwarded to the branch office where premium and indemnity accounts and statistical data are maintained. The collection of acreage reports and general servicing of contracts are performed by the PMA County Committees. A servicing fee is paid the Committee for each contract in force at the beginning of the fiscal year. No fee is paid for the fiscal year in which the contract is sold since commissions cover service costs for that year.

The estimated cost and workload is as follows:

	Unit Cost	Fiscal Year 1950 Quantity	Fiscal Year 1950 Cost	Fiscal Year 1951 Quantity	Fiscal Year 1951 Cost	Increase
Contractual Costs						
1. State and D. C. Compensation						
a. D. C.....	--	1	$16,300	1	$21,500	+$5,200
b. States in program.....	$510.00	40	20,400	40	20,400	-
c. Counties in program.....	306.75	637	195,400	877	269,000	+73,600
Total.....			232,100		310,900	+78,800
2. County Compensation						
a. Flat rate.....	350.00	637	222,950	877	306,950	+84,000
b. Service rate on contracts in force.....	1.00	166,000	166,000	290,000	290,000	+124,000
c. Applications processed..	.25	145,200	36,300	260,300	65,075	+28,775
d. Acreage reports.....	1.00	290,000	290,000	434,300	434,300	+144,300
e. Pay increase.....		-	-		87,700	+87,700
Total.....			715,250		1,184,025	+468,775
Total contractual costs.....			947,350		1,494,925	+547,575
Sales Program Development and Contract Servicing Costs.....			740,885/a		923,935/a	+183,050
Sub-total.....			1,688,235		2,418,860	+730,625
Pay adjustments, 1951.....			-		11,100	+11,100
Total cost.....			$1,688,235		$2,429,960	+$741,725

/a The average cost per county will decrease from an estimated $1,163 in 1950 to an estimated $1,054 in 1951 because the increase in servicing personnel to handle the larger volume of business will be clerks and field supervisors; the number of organization heads and state directors will remain unchanged.

(3) Increase of $460,400 under the project "Commissions" to provide for selling 115,100 more contracts in 1951.

Number of Contracts Sold Increases: It is estimated that 115,300 contracts will be sold in the 240 new counties to be added to the program. Even though the Corporation is selling continuous type contracts approximately 40 percent are cancelled each year either by the farmer or the Corporation because of non-payment of premiums or failure to conform to prescribed farming practices. These cancellations must be replaced if an adequate participation level is to be maintained. This means that approximately 116,000 of the 1950 contracts will be replaced. In addition, the Corporation desires to improve its insurance base and operations by including a large majority of the eligible farmers in the program. Participation levels now vary from 15 to 40 percent. By selling continuous contracts, the Corporation is able to spend more effort in explaining and selling the program to non-participating farmers and thus increase the county participation levels. It is estimated that approximately 29,000 new contracts will be sold in 1951 in the 637 counties in the 1950 program. Total anticipated sales for 1951 is 260,300 or an increase of 115,100 over the number estimated to be sold in 1950.

Agents Work on a Commission Basis: Sales agents are employed by the PMA County Committees and are paid on a commission basis. Commission costs, consisting of a $1.50 flat rate plus approximately 3 percent of the premium, vary from a minimum of $2.00 to over $50.00 per contract. The average cost is approximately $4.00.

Sales and contract workload is estimated as follows:

Estimated Sales and Contract Workload

Commodity	Crop Year 1950					Crop Year 1951				
	Carryover From 1949	Sales	In Force	No. of Counties	Avg. Per County	Carryover From 1950	Sales	In Force	No. of Counties	Avg. Per County
Wheat	53,700	45,500	99,200	298	333	59,520	89,600	149,120	398	375
Cotton	24,200	17,200	41,400	78	531	24,840	37,500	62,340	106	588
Flax	17,500	11,400	28,900	73	396	17,340	21,950	39,290	98	401
Corn	17,700	18,900	36,600	66	555	21,960	30,800	52,760	91	580
Tobacco	31,700	22,200	53,900	52	1037	32,340	45,950	78,290	69	1135
Multiple	-	20,800	20,800	50	416	12,480	22,900	35,380	75	472
Beans	-	9,200	9,200	20	460	5,520	8,600	14,120	30	470
New	-	-	-	-	-	-	3,000	3,000	10	300
Total	144,800	145,200	290,000	637	455	174,000	260,300	434,300	877	495

(4) Increase of $257,390 under the project "Premium Collections" for collecting a $8,549,800 increase in premiums over 1950.

Larger Volume of Premiums to Collect: The premiums on the contracts in force for crop year 1950 will be collected in fiscal year 1951. The expansion of the program in 1950 is estimated to increase the premium collection workload from 166,000 in 1950 to 290,000 in 1951.

County Associations and Collectors Receive Premiums: The Corporation contracts with the PMA County Committees to collect premiums on a sliding scale basis. This scale ranges from 54 cents per premium if less than 80 percent of total premiums are collected to $1.08 per premium if over 98 percent are collected. Past experience has shown that all Associations do not earn the maximum rate because many of them do not collect the required percentage. Collection contracts terminate on April 30 of each year. After that date, the Corporation must send out collectors and, in some cases, resort to legal action. Because of the additional expense involved in collecting past due accounts, the Corporation estimates that on the average collections cost $1.08 per premium.

Field Offices Process and Account for Collections: The branch office in Chicago prepares premium notices based on the acreage reports submitted by the insured. After the premiums are collected, they are transmitted to the branch office for deposit and credit to the insured's account. Statements of account are prepared periodically and sent to the state office for collection of the account. The branch office also furnishes certified copies of documents required by the Department of Justice in court actions.

The estimated workload and cost is as follows:

Item	Fiscal Year 1950		Fiscal Year 1951		Increase
Contract Workload		166,000		290,000	124,000
	Avg.Cost	Total Cost	Avg.Cost	Total Cost	
Contractual cost.....	$1.00	$166,000	$1.08	$313,200	+$147,200
Servicing cost.....	2.77	460,530	1.96	570,720	+110,190
Sub-total.....		626,530		883,920	+257,390
Pay adjustment, 1951		-	.02	4,900	+4,900
Total cost.....	$3.77	$626,530	$3.06	$888,820	+$262,290

The decrease in servicing cost results from the fact that the increase in workload does not require a corresponding increase in cost. Only clerical personnel are added; number of supervisors and other fixed costs remain unchanged.

(5) Increase of $659,725 under the project "Crop inspections and loss adjustments" to service a 124,000 increase in contract workload. (The several services discussed below do not necessarily involve every contract. The extent to which each of such services is required is indicated in the discussion.)

Increased Inspection and Loss Adjustment Services Required by Larger Volume of Contracts: The Corporation performs crop inspection or loss adjustment services for most contracts in force. These services for the contracts in force in crop year 1950 are performed in the 1951 fiscal year.

Crop Insurance Agents Perform Local Work: Crop inspection and loss adjustment activities are performed by insurance agents employed by the Corporation on a "When actually employed" basis. These activities cover more than the final adjustment of actual losses. In many cases farmers report early losses which require inspection by an agent but when the crop is harvested it often develops that production is sufficient to make payment of an indemnity unnecessary. In other cases loss claims submitted by farmers are determined to be no loss under the contract after a check by an agent. The Corporation also requires inspection of growing crops to check conformance with approved farming practices.

Claims Involve Much Service Work: Loss claim and inspection reports are submitted to the state director by the agent. After a thorough review of the claim, the director either approves or rejects the claim or requests additional information. This may involve considerable personal contact or letter writing. Approved claims are sent to the branch office where they are checked against the contract provisions and, if found in order, are paid.

Occasionally erroneous claims are paid which require much work in securing refunds. Sometimes legal action is neccessary. Also there are problem cases which are forwarded to the Washington office for settlement. Last year the Corporation made 50 investigations, handled 1,100 reviews of special cases, and was involved in 24 litigations.

The estimated workload and cost is as follows:

Item	Fiscal Year 1950		Fiscal Year 1951		Increase
Contract Workload		166,100		290,000	124,000
	Avg.Cost	Total Cost	Avg.Cost	Total Cost	
Inspection and loss work.....	$3.85	$639,100	$3.95	$1,145,500	+$506,400
Servicing and special case work.....	4.90	812,775	3.33	966,100	+153,325
Sub-total.....		1,451,875		2,111,600	+659,725
Pay adjustment, 1951.....	-	-	.03	8,900	+8,900
Total cost....	$8.75	$1,451,875	$7.31	$2,120,500	+$668,625

The inspection and loss work costs are the direct costs of agents performing this work. Cost of training, supervising, and spot checking agents is included in servicing activities. Total direct costs move proportionately with the workload while the servicing costs do not - additional volume can be handled without a proportionate increase in supervisory help.

(6) Increase of $30,400 to place on a full year basis in 1951 pay adjustments under P. L. 429 which were in effect for only a part of the fiscal year 1950.

CHANGE IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

Operating expenses: For operating and administrative expenses, /and not to exceed $700 for newspapers, $4,054,000/ $7,450,000.

The change in language deletes the limitation on purchases of periodicals, maps, and newspapers. Public Law 600, approved August 2, 1946, repealed the former statutory requirements that specific authorization for the purchase of newspapers, books of reference, and periodicals be carried in either substantive legislation or the appropriation act. Therefore, retention of the subject limitation is no longer necessary, and its deletion is proposed to simplify the accounting and auditing work incident thereto.

STATUS OF PROGRAM

Selected Examples of Progress and Trends:

1. Premiums Reduced For Good Experience
Beginning with crop year 1949, a reduction in premium was offered to insured farmers in counties having accumulated reserves in excess of the reserve requirements determined by the Corporation for the county. The amount of the reduction varies in accordance with the amount of reserve built up but in no case will it exceed 30 percent of the premium. Because of its mutual aspects, this plan provides farmers an incentive to assume greater responsibility in taking a more active interest in the local administration of the program. Good local administration in all phases of the program under this plan will reduce the cost of insurance to farmers. This plan is being continued in 1950.

In addition to the reduction in premium rates for the county, individuals will receive special premium rates in recognition of favorable insurance experience. For several years individual wheat farmers holding commodity insurance have received a 50 percent reduction in premium whenever his individual insurance reserve from consecutively insured crops equalled his current insured production. This incentive plan is being extended to other commodities in 1950.

An incentive for good experience is available to purchasers of low coverage insurance. A 25 percent reduction in premium is granted to any farmer who has seven consecutive years without a loss. Without this provision, there would be less incentive for these farmers to stay in the program since it would take an unusually long period to build up premium reserves equal to one year's insured production.

2. Continuous Contracts Benefit Farmer and Program
The real benefit from insurance protection is derived over long periods of time. The farmer having a continuous contract is more likely to have consecutive years of protection than the farmer who would have to be sold each year. For continued good experience the farmer gets premium reductions. Also, the use of the continuous contract reduces the administrative costs to the Corporation. Commission and application processing expenses are only paid the first year. The Corporation saved an estimated $163,275 in administrative expenses in fiscal year 1949 on the 38,418 contracts carried over from crop year 1948. This type of contract is being extended to more areas each year.

3. Discount Provision Encourages Early Payment of Premiums
A cash discount of 5 percent has been established for payment of premiums before maturity date. This plan proved so successful on an experimental basis that it is now available on all commodities in all counties. Over 50 percent of the 1949 winter wheat premiums were paid before the maturity date of the premium notice.

4. Results of Premium Collection Campaign

When the national program was curtailed at the end of the 1947 crop year, a large volume of premiums were due from counties where the insurance program could no longer be offered. This resulted in unfavorable collection experience and necessitated conducting a special clean-up campaign in the fiscal year 1949. By using collectors and with the assistance of the Solicitor's Office of the Department and the Department of Justice the Corporation has been able to reduce the 1947 and prior crop year accounts receivable from $6,739,184.20 on June 30, 1948 to $3,451,202.98 on June 30, 1949.

5. Multiple Crop Policy Popular

The multiple crop policy, first tried in two counties in 1948, is designed to protect farmers producing several insurable crops, none of which alone constituted the major source of agricultural income in the county. This policy not only makes it possible for the diversified farmer to get insurance protection but also gives him a lower premium rate by spreading the risk through a combination of all crops designated as insurable to determine the individual farm coverage. The multiple crop policy has proved so popular that the Congress authorized an immediate expansion to 50 counties. Over 30 insurable crops will be included in this policy. Crops already selected are wheat, cotton, corn, flax, tobacco, dry beans, oats, barley, peanuts, soybeans, grain sorghums, hay, vetch, ryegrasses, Austrian peas, buckwheat, potatoes, tomatoes, alfalfa, broom corn, sweet corn, green peas, sweet potatoes, rice, rye, strawberries, sugar beets, sugar cane, and sweet clover. The loss experience has been extremely favorable in multiple crop areas. In 1948 indemnity payments for losses were only $5 for each $100 of premiums and for 1949 the estimate is $20 for each $100 of premiums.

6. Farm Classification Reduces Insurance Risk

Actuarial work is concerned mainly with adjusting coverage and rate differences in productivity and risks. In the past, the major part of the losses has occurred in extremely high risk areas. One of the major over-all changes in 1949 was to declare certain lands and farmers using unacceptable farming practices uninsurable and thereby eliminate most of the unreasonable risks. A summary of this activity follows:

Commodity	No. of Counties	Percent of Acreage Uninsurable	No. of Ineligible Producers
Wheat	197	2.5	2,308
Cotton	54	7.3	1,310
Flax	48	1.2	1,005
Corn	46	5.3	314
Tobacco	35	2.0	1,843
Beans	9	2.4	55
Multiple crop	7	2.6	142

7. County Offices To Be Eliminated
With the exception of loss adjustment activities, the insurance program in the majority of counties is conducted by the PMA County Committees on a contractual basis. In fiscal year 1950, thirty-one counties did not sign agreements. The Corporation must of necessity continue its own offices in those counties. Plans have been made whereby these county offices will be eliminated after fiscal year 1950.

FARM CREDIT ADMINISTRATION

Purpose Statement

The Farm Credit Administration, established pursuant to Executive Order 6084 dated March 27, 1933, is charged with the responsibility of administering and coordinating the Farm Credit System which is a national farm loan program for agricultural credit provided through the following basic institutions: the Federal land banks and national farm loan associations, Federal intermediate credit banks, production credit corporations and production credit associations, banks for cooperatives, and the Federal Farm Mortgage Corporation. Its objective is to provide a dependable source of long-term and short-term credit at all times to farmers and farmers' cooperative associations on a sound credit basis through coordinated cooperative credit facilities and to obtain loan funds from the investing public without the necessity of the Government guaranteeing the securities issued. A fundamental principle of the Administration is the encouragement and development of agricultural cooperative institutions with farmer ownership the ultimate objective, especially insofar as the institutions it supervises are concerned. In addition to the lending programs under its supervision the Administration provides research and service facilities to farmers' cooperative associations, as authorized and directed by the Cooperative Marketing Act of 1926.

The Federal Farm Mortgage Corporation and Central Bank for Cooperatives are in Washington, D.C.; Farm Credit district offices are at:

Springfield, Mass.	New Orleans, La.	Wichita, Kans.
Baltimore, Md.	St. Louis, Mo.	Houston, Tex.
Columbia, S.C.	St. Paul, Minn.	Berkeley, Calif.
Louisville, Ky.	Omaha, Nebr.	Spokane, Wash.

On December 31, 1949, the Administration had 454 full-time employees, of whom 308 are in Washington. The 146 field employees are registrars, appraisers, and examiners.

	Estimated, 1950	Budget Estimate, 1951
Administrative expenses	$2,781,800	$2,887,000

(a) Salaries and Expenses

Appropriation Act, 1950	$2,794,000
Activities terminated due to abolition, and transfer of functions to the Secretary of Agriculture, of the Regional Agricultural Credit Corporation of Washington, D. C. (Public Law 38, approved April 6, 1949)	-12,200
Base for 1951	2,781,800
Budget Estimate, 1951	2,887,000
Increase	+105,200

SUMMARY OF INCREASES, 1951

For within-grade salary advancements	+40,400
To place on a full-year basis in 1951 pay adjustments under P.L. 359 and P.L. 429 which were in effect for only a part of the fiscal year 1950 and to provide in 1951 pay adjustment costs which are being met within available funds in 1950	+64,800

PROJECT STATEMENT

Project	1949	1950 (estimated)	Increase or decrease: Pay adjustments	Increase or decrease: Other	1951 (estimated)
1. Supervision and examination of and facilities and services to Farm Credit banks and corporations	$2,228,097	$2,281,800	$51,800	-$6,600	$2,327,000
2. Research and technical assistance, including facilities and services to farmers' cooperatives	493,962	500,000	13,000	+47,000	560,000
Total pay adjustment costs					
Public Law 429 (absorbed, 1950)	[-]	[46,100]	[61,200]	-	[61,200]
Public Law 359 (absorbed, 1950)	[-]	[2,600]	[3,600]	-	[3,600]
Unobligated balance	5,618	-	-	-	-
Total available	2,727,677	2,781,800	64,800(2)	40,400(1)	2,887,000
Reimbursements for other services performed	-78,402	--			
Transferred to "Salaries and Expenses, Office of Information, Department of Agriculture"	420	--			
Total appropriation or estimate	2,649,695	2,781,800			

INCREASES

The increase of $105,200 is composed of the following:

(1) An increase of $40,400 for increased costs of within-grade salary advancements in the fiscal year 1951.

The Mead-Ramspeck Act, as amended by the Classification Act of 1949, provides that employees compensated on a per annum basis and occupying permanent positions, and who have not attained the maximum rate of compensation for the grade in which their positions were allocated, should receive an advance in compensation to the next higher rate within the grade after each 52 weeks of service for employees in grades below GS-11, and after each 78 weeks of service for employees in GS-11 and above.

The increase is to cover, in part, the additional cost of these within-grade salary advancements in the fiscal year 1951. These increases were determined only after careful consideration of the cost of within-grade salary advancements that can be absorbed through (1) savings due to delay in filling vacancies and (2) savings due to filling vacancies at the minimum of the grade as a result of separations and promotions.

(2) An increase of $64,800 consisting of (1) $16,100 to place on a full-year basis in 1951 pay adjustments under Public Laws 429 and 359 which were in effect for only a part of the fiscal year 1950, and (2) $48,700 to provide in 1951 pay adjustment costs which are being met within available funds in 1950.

CHANGES IN LANGUAGE

The estimates include proposed changes in language of this item as follows (new language underscored; deleted matter enclosed in brackets):

1 For necessary expenses, * * * * [not to exceed $750 for periodicals and newspapers;] * * * and other services rendered to such agencies;
2 [in all $2,794,000] $2,887,000.

The first change in language deletes the limitation on purchases of periodicals, maps, and newspapers. Public Law 600, approved August 2, 1946, repealed the former statutory requirements that specific authorization for the purchase of newspapers, books of reference, and periodicals be carried in either substantive legislation or the appropriation act. Therefore, retention of the subject limitation is no longer necessary, and its deletion is proposed to simplify the accounting and auditing work incident thereto.

The second change in language deletes the words "in all" solely for the purpose of simplifying and shortening the item.

The Farm Credit Administration obtains its administrative expense funds from two principal sources: (a) by direct appropriation and (b) by assessment against corporations operating within the Farm Credit Administration structure.

Sources of Funds

Item	Estimate, 1950	Budget estimates, 1951	Increase (+) or Decrease (-)
Direct appropriation from U. S. Treasury	$ 500,000	$ 560,000	+$60,000
Advanced from "Administrative Expenses and Refunds, Farm Credit Administration," for cost of facilities, examination, and supervision of:			
Federal land banks	1,263,000	1,321,200	+ 58,200
Banks for cooperatives	241,800	238,600	- 3,200
Federal Farm Mortgage Corporation	175,800	131,700	- 44,100
Federal Intermediate credit banks	258,200	270,100	+ 11,900
Production credit corporations	243,400	247,200	+ 3,800
Joint stock land banks, production credit associations, and general agents' offices	99,600	118,200	+ 18,600
Total funds available	2,781,800	2,887,000	+105,200

SALARIES AND EXPENSES, FARM CREDIT ADMINISTRATION

Alternate Project Statement

Project	1949	1950 estimated	Increase (+) or Decrease (-)	1951 estimated	1951 RMA Section 10(b)	Grand Total
1. Supervision and examination of and facilities and services to Farm Credit banks and corporations	$2,228,097	$2,281,800	+$45,200	$2,327,000	--	$2,327,000
2. Research and technical assistance, including facilities and services to farmers' cooperatives	493,962	500,000	+60,000	560,000	$32,000	592,000
3. Pay adjustment costs	[--]	[48,700]	[64,800]	[64,800]	[300]	[65,100]
Unobligated balance	5,618	--	--	--	--	--
Total available	2,727,677	2,781,800	+105,200	2,887,000	32,000	2,919,000
Reimbursements for other services performed	-78,402	--				
Transferred to "Salaries and Expenses, Office of Information, Department of Agriculture"	420	--				
Total appropriation or estimate	2,649,695	2,781,800				

RMA Projects

Financial Project No.	RMA Project No.	Project Title	1949	1950 (estimated)	Adjustments for 1951 Public Law 429	1951 (estimated)
		Section 10(b) Research other than utilization:				
2	165	Regional marketing research on fruits and vegetables (other than citrus and potatoes)	$2,171	$2,050	$50	$2,100
2	191	Regional marketing research on citrus fruits	10,495	13,350	150	13,500
2	198	Regional marketing research on poultry and eggs in cooperation with States	6,464	11,200	100	11,300
2	221	Regional dairy marketing research in cooperation with States	648	5,100	--	5,100
		Total, RMA	19,778	31,700	300	32,000

STATUS OF PROGRAM

Objectives. Farm Credit Administration is a supervisory agency. Its basic purposes are: the establishment, supervision, and examination of a cooperative credit system for agriculture; and the provision of facilities and services to facilitate the operation of the system and its progress toward complete farmer ownership. A correlated objective is assistance to farmers in the organization and management of cooperative enterprises.

Significance of the Program. Effective supervision and examination has fostered the development of the credit system specifically designed to finance agricultural industry. Under the guidance of the Administration, the system has developed sound administrative management. The facilities and services made available by the Administration have enabled the system to serve farmers well. The steady increase in the number of farmers participating in the farm credit system indicates their confidence in cooperative credit, thus demonstrating that, provided with effective leadership, such credit system is desirable and feasible. The Administration's program of cooperative research and service assists farmers' cooperative associations to organize and to effectively serve their members. This service provides the associations with tools of management which probably would not otherwise be available.

Supervision, Examination, and Facilities for the Farm Credit System. The Farm Credit system includes 12 Federal land banks and 1,230 national farm loan associations which provide long-term real estate loans, 12 intermediate credit banks which discount short-term agricultural loans, 13 banks for cooperatives which serve farmers' cooperative associations, 12 production credit corporations and 503 production credit associations which make short-term agricultural production loans, and the Federal Farm Mortgage Corporation which is liquidating.

Current Activities. The Administration performs field studies, analyzes periodic reports, and makes examinations (audits) to ascertain that the organization and management of the system is sound, that the system is operating in conformity with governing acts and regulations, that accounting and reporting is adequate, and that accounts and statements show true financial condition. Financial statements are analyzed to determine adequacy of capital and reserves.

To assist the system in management improvement, the Administration analyzes credit and administrative practices, studies inter-agency relationships, and performs research in the fields of farm real estate appraisal, and agricultural credit. Where new techniques and facts are found, they are recommended to the management of the system for consideration.

Certain agencies are assisted in the sale or retirement of bonds and debentures, and in making investments. The wholly Government-owned agencies are assisted in budget formulation and execution.

The system is given advice and assistance in personnel management, and recognizing the importance of competent employees, the Administration

consults with the agencies in their conduct of in-service training. The Administration plans, produces, and supervises the dissemination of farm credit reports, news, and information.

The Administration appoints, trains, and supervises certain public officials who serve the system; they are: Farm Credit examiners who are responsible for examining and reporting the financial condition of the agencies in the system, farm loan registrars who act as custodians of collateral, and land bank appraisers who certify to the appraised values of farm real estate.

Research and Technical Assistance to Farmers' Cooperative Associations. Farm Credit Administration conducts research, service, and educational work for the purpose of assisting farmers' cooperative associations. These services are available to all associations and to groups of farmers interested in organizing. Research work involves the collection and analysis of original data in fields of cooperative marketing of cotton and seed oils, dairy products, fruit and vegetables, grains, livestock and wool, poultry, special crops, and also research and assistance in business administration of cooperatives, transportation problems, purchasing, frozen food lockers, farmers' mutual insurance and other business services, membership relations, history and statistics of cooperatives generally. The results of such research are published for general distribution. Service work consists of answering requests for professional and technical assistance. Special attention is given to the preparation of educational material for teachers of vocational agriculture, 4-H clubs, and others; staff members participate in conferences and workshops devoted to agricultural cooperation.

Selected Data on Operations: There follow schedules reflecting the amount of loans made during the last 4 years, the amount of loans outstanding as of the end of each such year, the gross assets at the end of each year, and selected comparative data for each of the programs administered or supervised by the Farm Credit Administration:

FARM CREDIT ADMINISTRATION

Table 1 - Amount of loans and discounts made, by fiscal years, 1946 through 1949

Institution	1946	1947	1948	1949
Farm mortgage loans:				
Federal land banks	$120,052,143	$134,769,321	$139,958,331	$163,696,466
Land Bank Commissioner	14,729,530	15,286,730	1,352,554	10,106
Joint stock land banks	149	-	-	-
Total	134,781,822	150,056,051	141,310,885	163,706,572
Loans to cooperatives:				
Federal intermediate credit banks 1/	6,339,353	14,161,931	14,459,607	12,145,786
Banks for cooperatives 2/	341,899,495	427,482,904	547,528,483	458,716,117
Agricultural Marketing Act revolving fund 1/	660,000	975,000	1,400,000	1,000,000
Total	348,898,848	442,619,835	563,388,090	471,861,903
Other loans and discounts:				
Production credit associations 1/ 3/	560,952,188	680,019,512	849,771,290	956,367,720
Regional Agricultural Credit Corporation 1/	4/ 6,018,209	5/ 475,754	6/ 18,953	7/ 8/ 191,616
Federal intermediate credit banks (excluding loans to cooperatives) 1/	902,959,373	1,125,909,420	1,403,480,025	1,598,472,452
Total	1,469,929,770	1,806,404,686	2,253,270,268	2,555,031,788
Grand total	1,953,610,440	2,399,080,572	2,957,969,243	3,190,600,263

1/ Includes renewals.
2/ Excludes advances under CCC programs.
3/ Excludes data for associations which have been placed in liquidation, beginning with the date of liquidation.
4/ Includes food production loans and restricted area loans in the amount of $5,696,154.
5/ Includes food production loans and restricted area loans in the amount of $102,855.
6/ Includes food production loans and restricted area loans in the amount of $18,257.
7/ No food production loans and restricted area loans made.
8/ Through April 15, 1949, in accordance with Public Law 38, 81st Congress, the Regional Agricultural Credit Corporation of Washington, D. C., was dissolved and, as of April 16, 1949, its assets were transferred to the Farmers Home Administration.

FARM CREDIT ADMINISTRATION

Table 2 - Amount of loans and discounts outstanding as of June 30 for specified years

Institution	1946	1947	1948	1949
Farm mortgage loans:				
Federal land banks	$1,007,645,859	$910,092,995	$864,275,395	$880,137,999
Land Bank Commissioner	174,204,350	123,145,601	87,962,222	65,496,576
Joint stock land banks	130,406	97,325	3,489	3,250
Total	1,181,980,615	1,033,335,921	952,241,106	945,637,825
Loans to cooperatives:				
Federal intermediate credit banks	1,184,057	2,255,081	1,170,285	646,077
Banks for cooperatives 1/	114,549,781	155,258,680	231,518,249	248,008,208
Agricultural Marketing Act revolving fund	2,687,057	1,382,336	1,121,024	915,303
Total	118,420,895	158,896,097	233,809,558	249,569,588
Other loans and discounts:				
Production credit associations 2/	304,170,043	362,005,322	464,831,438	528,026,386
Regional Agricultural Credit Corporation	3/ 3,819,888	4/ 2,135,403	5/ 1,612,292	6/ 1,487,363
Federal intermediate credit banks (excluding loans to cooperatives)	346,672,648	401,415,010	564,164,391	642,956,359
Total	654,662,579	765,555,735	1,030,608,121	1,172,470,108
Grand total	1,955,064,089	1,957,787,753	2,216,658,785	2,367,677,521

1/ Excludes advances under CCC programs.
2/ Excludes data for associations which have been placed in liquidation.
3/ Includes food production loans and restricted area loans in the amount of $3,420,905.
4/ Includes food production loans and restricted area loans in the amount of $1,810,823.
5/ Includes food production loans and restricted area loans in the amount of $1,293,522.
6/ As of April 15, 1949, in accordance with Public Law 38, 81st Congress, the Regional Agricultural Credit Corporation of Washington, D. C., was dissolved and, as of April 16, 1949, its assets were transferred to the Farmers Home Administration.

FARM CREDIT ADMINISTRATION

Table 3 - Gross assets as of June 30 for specified years

Institution	1946	1947	1948	1949
Farm mortgage credit:				
Federal land banks	$1,272,796,544	$1,097,935,528	$1,034,760,328	$1,029,997,976
Federal Farm Mortgage Corporation	199,265,848	161,575,194	140,147,872	73,995,835
Total	1,472,062,392	1,259,510,722	1,174,908,200	1,103,993,811
Short-term credit:				
Production credit corporations	116,980,647	109,066,300	98,728,323	63,639,983
Production credit associations 1/	421,304,234	481,371,403	589,197,684	661,260,403
Federal intermediate credit banks	405,547,056	462,140,869	628,401,736	707,940,058
Banks for cooperatives	237,748,670	238,831,058	290,445,112	312,815,324
Total	1,181,580,607	1,291,409,630	1,606,772,855	1,745,655,768
Institutions in process of liquidation:				
Regional Agricultural Credit Corporation	16,798,747	16,086,150	3,271,461	3/ 2,746,453
Agricultural Marketing Act revolving fund 2/	184,516,355	184,567,499	183,214,843	183,189,384
Joint stock land banks	4,441,166	1,665,067	1,116,725	558,518
Total	205,756,268	202,318,716	187,603,029	186,494,355
Grand total	2,859,399,267	2,753,239,068	2,969,284,084	3,036,143,934

1/ Excludes associations in liquidation.
2/ Includes loans to stabilization corporations
3/ As of April 15, 1949, in accordance with Public Law 38, 81st Congress, the Regional Agricultural Credit Corporation of Washington, D. C., was dissolved and, as of April 16, 1949, its assets were transferred to the Farmers Home Administration.

SELECTED COMPARATIVE DATA OF FEDERAL LAND BANKS

Item	June 30, 1947	June 30, 1948	June 30, 1949
Gross assets	$1,097,935.528	$1,034,760,328	$1,029,997,976
Loans outstanding:			
Number	331,743	308,649	303,567
Amount	$910,092,995	$864,275,395	$880,137,999
Loans closed during year ended:			
Number	39,795	30,607	35,186
Amount	$134,769,321	$139,958,331	$163,696,466
Loans purchased from FFMC during year ended:			
Number	11,774	3,992	2,240
Amount	$14,606,689	$4,877,401	$2,620,189
Repayments of loans during ended	$217,793,542	$158,431,408	1/$114,648,620
Loans delinquent:			
Number	r/13,295	r/12,264	13,190
Amount	r/$34,804,166	r/$34,513,546	2/
Percent of loans delinquent:			
Number	r/4.0	r/4.0	4.3
Amount	3.8	4.0	2/
Real estate and sheriffs' certificates acquired during the year ended:			
Number	57	36	16
Investment	$199,197	$126,061	$52,309
Real estate and sheriffs' certificates disposed of during the year ended:			
Number:			
Whole	186	68	23
Part	5	4	3
Investment	$926,853	$261,724	$87,177
Real estate and sheriffs' certificates on hand:			
Number	62	29	22
Investment	$251,391	$109,252	$75,642
Bond outstanding	$691,343,500	$651,145,000	$646,402,500
Capital stock and surplus paid in - United States Government	-	-	-
Capital stock owned by borrowers	$59,355,033	$56,352,278	$56,915,403
Earned surplus	$100,609,358	$104,080,363	$107,765,178
Legal reserve	$92,471,854	$93,950,588	$95,584,131
Number of associations	1,279	r/ 1,257	1,230

1/ Includes principal matured, special payments, loans paid off prior to maturity.
2/ Not available.
r/ Revised.

SELECTED COMPARATIVE DATA ON FEDERAL INTERMEDIATE CREDIT BANKS

Item	June 30, 1947	June 30, 1948	June 30, 1949
Gross assets	$462,140,869	$628,401,736	$707,940,058
Loans and discounts outstanding	$403,670,091	$565,334,676	$643,602,436
Loans and discounts made during year ended 1/	$1,140,071,351	$1,417,939,632	$1,610,618,238
Repayments of loans during year 1/	$1,084,257,965	$1,256,275,047	$1,532,350,479
Loans delinquent - Amount	$5,624,304	r/ $7,765,325	$9,094,761
Percent of loans delinquent	1.39	1.36	1.41
Debentures outstanding	$355,860,000	$520,800,000	$598,440,000
Debentures issued during year	$471,125,000	$692,815,000	$735,400,000
Franchise tax	2/ $222,120	3/ $178,181	4/ $260,666
Capital stock (owned by U. S. Government)	$60,000,000	$60,000,000	$60,000,000
Surplus paid in	-	$500,000	$500,000
Earned surplus	$23,952,676	$24,487,218	$25,269,216
Reserve for contingencies	$9,425,000	$10,225,000	$10,820,000

1/ Includes renewals.
2/ Represents tax for the fiscal year ended June 30, 1947, paid in July 1947.
3/ Represents tax for the fiscal year ended June 30, 1948, paid in July 1948.
4/ Represents tax for the fiscal year ended June 30, 1949, paid in July 1949.
r/ Revised

SELECTED COMPARATIVE DATA ON BANKS FOR COOPERATIVES

Item	June 30, 1947	June 30, 1948	June 30, 1949
Gross assets	$238,831,058	$290,445,112	$312,815,324
Number of borrowing cooperatives	1,379	1,559	1,666
Loans made during year ended	$427,482,904	$547,528,483	$458,716,117
Repayments of loans during year	$386,737,374	$471,082,948	$440,890,994
Loans outstanding	$155,258,680	$231,518,249	$248,008,208
Advances under CCC programs	$104,027,973	$73,339	-
Advances under CCC programs outstanding	$13,994,362	-	-
Capital stock or guaranty fund owned by borrowers	$8,811,200	$12,642,500	$13,916,300
Capital stock owned by U. S. Government	$178,500,000	$178,500,000	$178,500,000
Earned surplus	$33,410,555	$25,371,513	$28,435,022
Legal reserve	-	$10,987,182	$11,979,326
Reserve for contingencies	$6,725,000	$7,125,000	$5,800,000

SELECTED COMPARATIVE DATA ON PRODUCTION CREDIT CORPORATIONS
AND PRODUCTION CREDIT ASSOCIATIONS

Item	June 30, 1947	June 30, 1948	June 30, 1949
Production credit corporations:			
Gross assets	$109,066,300	$98,728,323	$63,639,983
Capital stock - U. S. Government	$92,650,000	$81,635,000	$46,235,000
Earned surplus	$16,126,978	$16,761,030	$17,140,663
Production credit associations:			
Gross assets	$481,371,403	$589,197,684	$661,260,403
Number of associations	504	503	503
Number of members	2/ 403,642	432,236	451,118
Number of loans made during year 1/	237,881	266,449	283,363
Amount of loans made during year ended 1/	$680,019,512	$849,771,290	$956,367,720
Number of loans outstanding	209,632	233,965	252,458
Amount of loans outstanding	$362,005,322	$464,831,438	$528,026,386
Repayments of loans during year:			
Number	162,020	174,547	185,929
Amount	$520,826,168	$620,317,879	$726,177,069
Renewals:			
Number	62,181	66,932	78,373
Amount	$101,079,837	$126,234,670	$166,671,201
Loans delinquent:			
Number	3,320	3,511	3,109
Amount	$3,295,639	$4,421,280	$4,855,137
Percent of loans delinquent:			
Number	1.6	1.5	1.2
Amount	0.9	1.0	0.9
Stock owned by members (largely class B)	$42,428,020	$51,492,148	$61,940,628
Stock owned by production credit corporations (class A)	$40,513,000	$30,875,100	$24,994,500
Reserve for guaranty fund	$10,334,500	$9,608,600	$9,284,500
Reserve for contingencies	$27,504,979	$33,302,831	$40,462,457
Unapplied earnings	$3,406,486	$4,164,101	$4,681,435

Note: Excludes data for the associations in liquidation.

1/ Includes renewals.
2/ Adjusted to eliminate duplication of members owning both class A and class B stock.

SELECTED COMPARATIVE DATA ON FEDERAL FARM MORTGAGE CORPORATION

Item	June 30, 1947	June 30, 1948	June 30, 1949
Gross assets	$161,575,194	$140,147,872	$73,995,835
Loans outstanding:			
Number	122,887	92,466	73,380
Amount	$123,145,601	$87,962,222	$65,496,576
Loans closed during year ended:			
Number	17,104	1,199	11
Amount	$15,286,730	$1,352,554	$10,106
Repayments of loans during year ended	1/ $64,427,860	2/ $35,971,007	3/ 4/ $22,347,305
Loans delinquent:			
Number	8,722r	7,120r	6,495
Amount	$10,367,426r	$8,447,570r	5/
Percent of loans delinquent:			
Number	7.1r	7.7r	8.9
Amount	8.4r	9.6r	5/
Real estate and sheriffs' certificates acquired during the year ended:			
Number	75	19	20
Investment	$266,322	$60,793	$37,034
Real estate and sheriffs' certificates disposed of during the year ended:			
Number:			
Whole	234	72	31
Part	17	5	4
Investment	$990,767	$270,968	$80,973
Real estate and sheriffs' certificates on hand:			
Number	79	26	15
Investment	$270,287	$75,332	$32,490
Bonds outstanding	$21,000,000	-	$500,000
Capital stock	$1,000,000	$10,000	$10,000
Earned surplus	$105,437,057	$122,972,426	$62,661,031

1/ Includes loans sold to FLB in the amount of $14,606,689.
2/ Includes loans sold to FLB in the amount of $4,877,401.
3/ Includes loans sold to FLB in the amount of $2,620,189.
4/ Includes principal matured, special principal payments, and loans paid off prior to maturity.
5/ Not available.
r Revised.

(b) Agricultural Marketing Revolving Fund

This is an indefinite appropriation available for investment in the capital stock of the 13 banks for cooperatives, on call by the Governor of the Farm Credit Administration upon his approval of requests by the boards of directors of the banks and for loans to cooperative associations indebted to the fund as are needed to facilitate the collection of such indebtedness (12 U.S.C. 1134b, 1141d).

(c) Administrative Expenses and Refunds

Appropriation Act, 1950	$2,294,000
Assessments not available due to abolition and transfer of functions to Secretary of Agriculture, of Regional Agricultural Credit Corporation of Washington, D. C. (P.L. 38, 81st Congress)	-12,200
Base for 1951	2,281,800
Budget Estimate, 1951	2,327,000
Increase	+45,200

Farm Credit Administration is authorized to estimate the cost of examination and administrative supervision of the banks, corporations, and other organizations under its jurisdiction and to assess on an equitable basis and collect in advance such estimated cost. The amounts so collected are made available by the Department of Agriculture appropriation act each year to be advanced by transfer and counter warrant to the "Salaries and Expenses" appropriation of Farm Credit Administration. Any excess of collections over costs properly chargeable to each organization assessed is required by law to be refunded to the assessed organization (12 U.S.C. 832) (Public Law 146 - 81st Congress.)

FARM CREDIT ADMINISTRATION

Functional Summary of RMA Projects Carried Out Under Title II

Functional Classification	1949	1950 (estimated)	Adjustments for 1951			1951 (estimated)
			P.L. 429	Contract	Other	
MARKETING RESEARCH AND SERVICES						
III. Marketing services, costs and margins:						
a. Analyses of marketing services ..	$23,723	$37,700	+$400	+$8,560	+$10,440(a)	$57,100
b. Studies of pricing practices	27,084	25,350	+50	- -	-3,000(b)	22,400
c. Measurement of costs and margins	23,072	49,500	+200	-8,000	-2,000(c)	39,700
Total, Financial Project III ..	73,879	112,550	+650	+560	+5,440	119,200
IV. Improvement in preparation and handling of farm products:						
b. Developing improved containers and methods of packaging	6,305	7,100	+100	- -	- -	7,200
c. Improving transportation services and equipment	- -	15,300	+100	- -	-3,000(d)	12,400
d. Economic studies of new and improved processing methods ...	7,643	9,100	- -	-3,500	+1,500(e)	7,100
e. Improved storage and conditioning of farm products	8,896	26,350	-50	- -	-9,000(f)	17,300
Total, Financial Project IV .	22,844	57,850	+150	-3,500	-10,500	44,000
V. Evaluation and improvement of marketing system:						
a. Improvement in physical plant ...	5,314	7,100	+100	- -	- -	7,200
b. Increasing efficiency of merchandising agricultural products ..	16,640	33,400	+300	-7,550	+4,550(g)	30,700
c. Evaluation of market organization	33,299	32,600	+400	+3,000	+5,000(h)	41,000
Total, Financial Project V	55,253	73,100	+800	-4,550	+9,550	78,900
Total, Title II, RMA	151,976	243,500	+1,600	-7,490	+4,490	242,100

Functional Summary of RMA Projects Carried Out Under Title II - continued

(a) An adjustment to provide $10,440 for the study of milk sampling for butterfat content.

Objective and Plan of Work:

To accurately determine the butterfat content in milk in order to assure equitable proceeds among members in milk distributing cooperatives. To study the existing techniques and methods in order to improve, develop, and determine the most economical method of obtaining accurate results.

(b) An adjustment of $3,000 due to the completion of the project in 1950.

(c) An adjustment of $2,000 due to the fact that the broad survey in the poultry dressing plants has been completed. The egg handling phase of the project will be continued in 1951.

(d) An adjustment of $3,000 based on plans to complete the analysis of this project and issue published report during 1951, requiring the expenditure of lesser amount.

(e) An adjustment of $1,500 to provide funds for additional studies looking toward improved fleece preparation.

Objective and Plan of Work:

To measure the effect of method of preparation of wool for market to the value of the product.

(f) An adjustment of $9,000 because the amount needed in 1951 will cover cost of issuing publication on basis of study to be completed largely in 1950.

(g) This adjustment provides $4,550 for the assembly, tabulation, analysis, and publication of information obtained in the study of merchandising processed horticultural products by cooperative associations.

Objective and Plan of Work:

To examine the merchandising methods of fruit and vegetable processing cooperatives including distribution channels and costs, financing, storing, transporting, advertising, labeling and pricing, and to analyze trade preference for kinds, varieties, grades and brands of products processed as a means of expanding markets, increasing efficiency and devising improvements and originating new methods in marketing.

Functional Summary of RMA Projects Carried Out Under Title II - continued

(h) An adjustment of $5,000 to provide for the study of operating efficiency of agricultural marketing cooperatives in Kansas.

Objective and Plan of Work:

To assemble, analyze, and publish factual data regarding Kansas cooperatives and methods used by them in assembling, handling, and marketing farm products; and to appraise the effectiveness of these organizations in reducing price spreads and increasing farm income. The results of this study will bring about greater operating efficiency with increased returns to the producers.

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS
(Amounts Shown Include Pay Adjustment Costs)

Item	Obligations, 1949	Estimated obligations, 1950	Estimated obligations, 1951
Flood Control, Department of Agriculture (Allotment to Farm Credit Administration):			
For assistance in preparation of an agricultural plan for the Columbia Basin area ...	- -	- -	$2,500
Research and Marketing Act of 1946, Department of Agriculture (Allotment to Farm Credit Administration):			
(Title I, sec. 10(b)):			
Research other than utilization research	$19,778	$31,700	32,000
(Title II):			
Marketing research and services	151,976	243,500	242,100
Total, Research and Marketing Act	171,754	275,200	274,100
Salaries and Expenses, Surplus Property Disposal, General Services Administration (Allotment to Agriculture) (Allotment to Farm Credit Administration):			
For expenses as disposal agent for the Department in the agricultural and forest real property disposal program	574,400	346,300	- -
TOTAL OBLIGATIONS UNDER ALLOTMENTS	746,154	621,500	276,600

PASSENGER MOTOR VEHICLES

The estimate provides for the purchase of one car at a net cost of $1,000 to replace one of the two cars now operated in Washington, D. C.

Each annual appropriation under this heading, since the Farm Credit Administration was created in 1933, has carried language specifically authorizing its use for the purchase, maintenance, repair, and operation of passenger motor vehicles. The authorization to exchange one car in 1951 is requested in order to provide for replacement of one of the over-age cars.

FEDERAL FARM MORTGAGE CORPORATION

Purpose Statement

The Federal Farm Mortgage Corporation (wholly Government-owned) was created by the Federal Farm Mortgage Corporation Act approved January 31, 1934 (12 U.S.C. 1020 et seq.) with the following authorities: finance Land Bank Commissioner loans, purchase Federal land bank bonds, make secured loans to Federal land banks, exchange its bonds for Federal land bank bonds, and obtain necessary funds through sale of its own bonds. Through these functions it provides a backlog of strength to the farm mortgage credit structure of the Nation in the event of an emergency serious enough to impair the availability of farm mortgage credit at reasonable rates and terms. The authority to finance Land Bank Commissioner loans is now exercised only in the liquidation and collection of existing Land Bank Commissioner loans, authority to make new Commissioner loans having expired at the close of business July 1, 1947. To carry out the aforementioned authorities the Corporation was capitalized at $200,000,000 subscribed for by the Governor of the Farm Credit Administration on behalf of the United States Treasury and given authority to issue and have bonds outstanding at any one time in an aggregate amount not to exceed $2,000,000,000.

With the expiration on July 1, 1947, of the authority to make new loans, the Corporation's primary function has been that of liquidating its assets which has resulted in the return to the capital stock revolving fund of $199,990,000 capital, the payment of dividends into the General Fund of the Treasury of $68,000,000 in 1949, and of $9,000,000 in the first 6 months of 1950. The Corporation has no unmatured outstanding bonds and its borrowing authority has been reduced to $500,000,000. Proposed legislation will return to Treasury surplus the balance of $199,990,000 now held in the capital stock revolving fund.

The Corporation has no employees. The services and facilities of the Farm Credit Administration (Washington Office), Federal Land Banks, and National farm loan associations are utilized in carrying out the functions of the Corporation.

	Estimated, 1950	Budget Estimate, 1951
Administrative Expense Limitation ...	$1,500,000	$1,280,000

Administrative Expenses

Appropriation Act, 1950, and base for 1951	$1,500,000
Budget Estimate, 1951	1,280,000
Decrease	-220,000

SUMMARY OF DECREASES, 1951

Reduction in reimbursements to the Federal Land Banks for servicing land bank commissioner loans	-213,500
Decrease in payments for services rendered by other Government agencies	-6,275
For savings in miscellaneous expenses	-225

DECREASES

The decrease of $220,000 in funds required for administrative expenses of the Federal Farm Mortgage Corporation for 1951 is composed of:

(1) A decrease of $213,500 in reimbursements to the Federal land banks for servicing land bank commissioner loans.

The Federal land banks and national farm loan associations since the inception of the Federal Farm Mortgage Corporation have carried on the field activities of the Corporation as well as their own. Since July 1, 1947, when the Land Bank Commissioner's lending authority expired, this involved only the servicing of outstanding loans and other assets for which the banks are now reimbursed on a contract basis. The remaining assets are dispersed throughout the Nation; their liquidation will require continued servicing activities by all of the land banks and practically all of the 1,200 national farm loan associations.

The budget estimate of the costs of services of the Federal land banks for 1951 is $1,271,500, $213,500 less than the maximum of $1,485,000 set in the 1950 contracts. The 1951 contracts are based upon the individual estimates of the 12 Federal land banks after review by the officers of the Corporation, and covers the servicing of an estimated 49,000 weighted units. The percent of decrease in estimated costs for the Corporation from 1950 to 1951 is approximately 14 percent whereas the estimated percent of decrease in units is approximately 17 percent. This is due to the fact that costs do not decrease in the same ratio as the number of units.

(2) Decrease of $1,200 in reimbursements to the Treasury Department.

This represents a decrease in the estimated reimbursement to the Bureau of Public Debt for services rendered in the cancelation and retirement of the Corporation's bonds and in the payment of semiannual interest thereon.

(3) Decrease of $5,075 in General Accounting Office audit expense.

The estimates furnished by the General Accounting Office for audit expense, during fiscal year 1951, reflect a decrease in costs of such audits.

(4) Decrease of $225 due to savings in miscellaneous expenses.

LANGUAGE

The estimates provide the following new language:

Reduction in Appropriations

Amounts available from appropriations are hereby reduced in the sums hereinafter set forth, such sums to be carried to the surplus fund and covered into the Treasury immediately upon the approval of this Act:

An amount of $199,990,000 in the revolving fund held in the Treasury available to the Governor, Farm Credit Administration, as authorized by the Federal Farm Mortgage Corporation Act, as amended (12 U.S.C. 1020b), for resubscriptions to the capital stock of the Federal Farm Mortgage Corporation.

The Federal Farm Mortgage Corporation (wholly Government-owned) was created by the Federal Farm Mortgage Corporation Act approved January 31, 1934 (12 U.S.C. 1020 et seq.) with the following authorities: finance Land Bank Commissioner loans, purchase Federal land bank bonds, make secured loans to Federal land banks, exchange its bonds for Federal land bank bonds, and obtain necessary funds through sale of its own bonds. To carry out the aforementioned authorities the Corporation was capitalized at $200,000,000 subscribed for by the Governor of the Farm Credit Administration on behalf of the United States Treasury.

Under the authority of subsequent statutory enactments the Corporation has paid to the Secretary of the Treasury on behalf of the United States $199,990,000. The amount returned to the United States Treasury is held in a revolving fund and available for future subscriptions to capital stock of the Corporation. However, since it appears unlikely that it will be necessary to increase the capitalization of the Corporation, it is recommended that the balance of $199,990,000 in the revolving fund be carried to the surplus fund and covered into the Treasury.

STATUS OF PROGRAM

Creation and Purpose - The Federal Farm Mortgage Corporation (wholly Government-owned) was created by the Federal Farm Mortgage Corporation Act approved January 1, 1934 (12 U.S.C. 1020 et seq.) with the following authorities: finance Land Bank Commissioner loans, purchase Federal land bank bonds, make secured loans to Federal land banks, exchange its bonds for Federal land bank bonds, and obtain necessary funds through sale of its own bonds. Through these functions it provides a backlog of strength to the farm mortgage credit structure of the Nation in the event of an emergency serious enough to impair the availability of farm mortgage credit at reasonable rates and terms. The authority to finance Land Bank Commissioner loans is now exercised only in connection with the liquidation and collection of existing Land Bank Commissioner loans since the authority to make new Commissioner loans expired at the close of business July 1, 1947.

Organization and Management - The management of the Corporation is vested in a board of directors, consisting of the Secretary of the Treasury or an officer of the United States Treasury designated by him, the Governor of the Farm Credit Administration, and the Land Bank Commissioner. The Corporation employs no personnel; instead it utilizes the services and facilities of the Farm Credit Administration (Washington office), Federal land banks, and national farm loan associations to carry out its corporate functions for which the agencies are reimbursed by the Corporation at cost. In addition the Federal Reserve banks and the Treasury Department perform certain fiscal services for the Corporation for which they are reimbursed.

Source of Funds:

1. Capital Stock - The Federal Farm Mortgage Corporation Act (12 U.S.C. 1020b) provided that the capital stock of the Corporation should be in the amount $200,000,000 to be subscribed for by the Governor of the Farm Credit Administration on behalf of the United States. Under the authority of subsequent statutory enactments, the Corporation has repaid to the Secretary of the Treasury on behalf of the United States $199,990,000, leaving outstanding capital stock at June 30, 1949, of $10,000. The amount returned to the United States Treasury is held in a revolving fund and is available for future subscriptions to the capital stock of the Corporation. The Corporation has proposed legislation which will transfer the fund balance of $199,990,000 to Treasury surplus.

2. Earned Surplus - The Corporation had earned surplus (before dividends) of $130,661,031 at the end of fiscal year 1949. Pursuant to a provision contained in the Government Corporations Appropriation Act, 1949, the Corporation declared and paid into the general fund of the Treasury a dividend of $68,000,000, resulting in earned surplus of $62,661,031 as of June 30, 1949. Dividends of $9,000,000 have been paid in the first 6 months of the fiscal year 1950. Further payments will be made as the Corporation's realizations from liquidations permits.

3. Borrowings - With the approval of the Secretary of the Treasury, the Corporation has authority to issue bonds which are fully and unconditionally guaranteed, both as to principal and interest, by the United States. The original authority permitted the Corporation to have bonds outstanding at any one time in an aggregate amount not to exceed $2,000,000,000; however, this authority was reduced to $500,000,000 by the Government Corporations Appropriation Act, 1949. The Corporation had $500,000 unmatured bonds outstanding at June 30, 1949 (held by U. S. Treasury - retired July 11, 1949), and had funds on deposit with the United States Treasury to pay the $1,187,900 of matured bonds held by the public.

Type and Result of Operations:

1. Lending Program - During the approximate 16 years of the Corporation's operation to June 30, 1949, the Land Bank Commissioner made 679,675 mortgage loans in the amount of $1,217,804,683, of which $1,152,308,107 has been liquidated, including $916,497,000 repaid by borrowers. Additional credit was extended by the Corporation to farmers in the form of purchase money mortgages, real estate sales contracts and notes receivable resulting from the acquisition and sale of real estate securing mortgage loans. At June 30, 1949, there remained to be liquidated $69,812,893 in assets consisting of 73,380 mortgage loans amounting to $65,496,576, and purchase money mortgages, sales contracts, notes receivable, other loans receivable, and real estate of $4,316,317. Thus, at the end of 16 years only 5.7 percent of the amount of the original loans remained outstanding.

2. Sale of Assets to Federal Land Banks - The Federal land banks are empowered under the act of June 30, 1945, to purchase mortgages and sales contracts from the Corporation; such transactions are subject to the borrower purchasing stock in the national farm loan association and to the loan limits applicable to Federal land bank loans. As of June 30, 1949, the banks had purchased 65,102 loans, purchase money mortgages, and contracts, amounting to $89,361,533.

3. Financing Program - During its period of operation the Corporation utilized all of its authorized capital stock of $200,000,000 and borrowed approximately $3,000,000,000 through the issuance of bonds to finance Land Bank Commissioner loans and to assist the Federal land banks through loans and the purchase of farm loan bonds.

4. Operating Results - The Corporation's income from all sources from the date of its inception to June 30, 1949, was $689,112,993; its expenses (including charge-offs and provision for future losses) amounted to $558,451,962, leaving a net income of $130,661,031.

5. Repayment of Loans - The amount of loan repayments during the fiscal year 1949 totaled $23,928,765; the estimated amounts to be repaid in 1950 and 1951 are $15,276,000 and $10,775,000, respectively. These repayments represent for 1949 approximately 26 percent of the

loans outstanding at the beginning of the year, for 1950 approximately 22 percent, and for 1951 approximately 20 percent. The actual amounts of repayments may vary considerably from the amounts estimated since they will depend largely upon general agricultural and economic conditions existing during the respective years.

6. Net Income - The net income of the Corporation for the fiscal year 1951, before adjustment of reserves, is estimated at only $1,089,700 compared with $2,328,406 actual in 1949. Gross income in 1951 is estimated at $2,531,400 compared with $4,303,310 in 1949, and total expenses at $1,441,700 compared with $1,974,904. The ratio of expenses to earnings in 1951 shows a decided increase due to the steady reduction in the volume of interest-earning assets.

Summary of Operations - The actual operations for the fiscal year 1949 and estimated for 1950 and 1951 are summarized briefly in the following table:

	Fiscal Year 1949 Actual	Fiscal Year 1950 Estimated	Fiscal Year 1951 Estimated
Funds Applied			
To make loans to farmers	$125,166	-	-
To acquisition and improvement of acquired security or collateral	61,643	$33,700	$46,800
To administrative expenses	1,757,477	1,500,000	1,280,000
To other operating expenses	216,863	214,750	160,700
To repayment of borrowings	549,900	850,000	200,000
To dividend payment to U. S. Treasury	68,000,000	15,000,000	-
To increase (or decrease-) working capital	-41,876,511	915,950	11,654,700
	28,834,538	18,514,400	13,342,200
Funds Provided			
By repayments of principal of loans	23,928,765	15,276,000	10,775,000
By sale of acquired security or collateral	299,962	145,800	136,500
By operating income	4,089,408	3,090,900	2,429,200
By nonoperating income	16,403	1,700	1,500
By borrowing: from U. S. Treasury	500,000	-	-
	28,834,538	18,514,400	13,342,200

SELECTED COMPARATIVE DATA ON FEDERAL FARM MORTGAGE CORPORATION

Item	June 30, 1947	June 30, 1948	June 30, 1949
Gross assets	$161,575,194	$140,147,872	$73,995,835
Loans outstanding:			
Number	122,887	92,466	73,380
Amount	$123,145,601	$87,962,222	$65,496,576
Loans closed during year ended:			
Number	17,104	1,199	11
Amount	$15,286,730	$1,352,554	$10,106
Repayments of loans during year ended	1/ $64,427,860	2/ $35,971,007	3/ 4/ $22,347,305
Loans delinquent:			
Number	r/ 8,722	r/ 7,120	6,495
Amount	r/ $10,367,426	r/ $8,447,570	5/
Percent of loans delinquent:			
Number	r/ 7.1	r/ 7.7	8.9
Amount	r/ 8.4	r/ 9.6	5/
Real estate and sheriffs' certificates acquired during the year ended:			
Number	75	19	20
Investment	$266,322	$60,793	$37,934
Real estate and sheriffs' certificates disposed of during the year ended:			
Number:			
Whole	234	72	30
Part	17	5	4
Investment	$990,767	$270,968	$78,950
Real estate and sheriffs' certificates on hand:			
Number	79	26	15
Investment	$270,287	$75,332	$32,490
Bonds outstanding	$21,000,000	-	$500,000
Capital stock	$1,000,000	$10,000	$10,000
Earned surplus	$105,437,057	$122,972,426	$62,661,031

1/ Includes loans sold to FLB in the amount of $14,606,689.
2/ Includes loans sold to FLB in the amount of $4,877,401.
3/ Includes loans sold to FLB in the amount of $2,620,189.
4/ Includes principal matured, special principal payments, and loans paid off prior to maturity.
5/ Not available.

FEDERAL INTERMEDIATE CREDIT BANKS

Purpose Statement

The 12 Federal intermediate credit banks were organized pursuant to the Agricultural Credits Act of 1923. They serve as banks of discount for agriculture and do not make loans directly to individuals or accept deposits of funds other than as collateral security. They discount agricultural and livestock paper for, and make loans to, financing institutions and farmers' cooperative associations to finance the seasonal production and marketing needs of farmers and stockmen. The banks are supervised by the intermediate credit commissioner who is responsible to the governor of the Farm Credit Administration. Each bank operates under the direction of a district Farm Credit board.

The Federal intermediate credit banks finance their lending activities primarily through the issuance and sale to the investing public of consolidated collatera l trust debentures and by direct borrowing from commercial banks. The operating expenses, including interest costs, are paid from the income of the banks. The United States Government assumes no liability for the debentures or other obligations of the banks and that fact is required to be set forth on the face of their debentures.

The paid-in capital of each bank is $5,000,000, a total of $60,000,000 for the system, paid in by the Secretary of the Treasury. In addition, $500,000 of paid-in surplus is invested in the Federal Intermediate Credit Bank of Columbia, S. C., out of the revolving fund of $40,000,000 created by section 15a of the Federal Farm Mortgage Corporation Act.

On December 31, 1949, the banks had 267 employees, all in the field.

	Estimated 1950	Budget estimate, 1951
Administrative expense limitation	$1,423,000	$1,496,000

Administrative Expenses

Appropriation Act, 1950	$1,398,000
Anticipated pay adjustment supplemental	25,000
Base for 1951	1,423,000
Budget estimate, 1951	1,496,000
Increase	+ 73,000

INCREASES

The increase of $73,000 is composed of the following:

(1) Increase of $64,000 for additional credit examiners to analyze loan applications and loans offered for discount, personnel to perform related work, and essential administrative facilities. In 1951 loans and discounts are expected to be $1,838,946,000, an increase of 14 percent over 1949 and 6 percent over 1950. The growing credit problems due to declining farm income, acreage reductions, and similar adjustments require additional manpower in analyzing and handling loans and discounts in order that losses may be avoided or, at least, held to a minimum. Since the banks obtain loanable funds principally from the sale of debentures with no liability to the Government, it is essential that they operate on a sound and constructive basis in order that loan funds may be obtained in the investment markets at favorable rates. The proposed increase will provide the banks with facilities for maintaining their established credit policies and practices.

(2) Increase of $9,000 to place on a full-time basis in 1951 pay adjustments under Public Law 429 which were in effect for only a part of the fiscal year 1950.

CHANGE IN LANGUAGE

The estimates include proposed change in the language of this item as follows (new language underscored, deleted matter enclosed with brackets):

> * * * Not to exceed [$1,398,000] ($1,496,000 to be computed on an accrual basis), of the funds of the banks shall be available for administrative expenses, including the purchase of not to exceed [two] one passenger motor [vehicles] vehicle for replacement only, service * * *

This change in language is proposed to reduce from two to one the number of vehicles to be replaced in 1951, and to change the word "vehicles" to the singular.

STATUS OF PROGRAM

Creation and Purpose - The 12 Federal intermediate credit banks were established pursuant to the Agricultural Credits Act, approved March 4, 1923 (12 U.S.C. 1021, 1022), to provide a permanent system which, (through the sale in the investment markets of its obligations, which are not guaranteed by the Government either as to principal or interest), would obtain funds for the extension of seasonal credit to local lending institutions serving farmers and stockmen, and to farmers' cooperative associations, upon terms suited to their needs.

Management and Supervision - Each bank operates under its own corporate management and under the direction of a board of directors, composed of the members of the district Farm Credit Board, who are, ex officio, the directors of the four permanent credit units of each Farm Credit district. The operations of the banks are supervised by the Intermediate Credit Commissioner, who is responsible to the Governor of the Farm Credit Administration.

Source of Funds:

1. Capital Funds - The Government's present capital investment in the intermediate credit banks is $60,500,000. Each bank has a paid-in capital of $5,000,000 (12 U.S.C. 1061). In addition, $500,000 of paid-in surplus was supplied to the Federal Intermediate Credit Bank of Columbia (S.C.) in June 1948, out of the revolving fund of $40,000,000 created in 1934 by section 15a of the Federal Farm Mortgage Corporation Act (12 U.S.C. 1131i(e)). Should additional capital be required to enable the banks to meet the credit needs of eligible borrowers, the Governor of the Farm Credit Administration is authorized, with the approval of the Secretary of the Treasury, to subscribe and pay for additional capital stock or paid-in surplus out of the revolving fund, which was established for that purpose.

2. Unreserved Surplus - The net income of the banks from organization to June 30, 1949, after payment of all expenses and other costs, and losses charged off, amounted to $43,708,737. Of this amount, $7,619,522 has been paid to the United States Treasury in franchise taxes and $10,820,000 has been transferred to the reserves for contingencies, leaving $25,269,215 as unreserved surplus.

3. Borrowings - The banks finance their lending activities primarily through the issuance and sale to the investing public of consolidated collateral trust debentures and by direct borrowings from commercial banks (12 U.S.C. 1041 et seq.), rather than through the use of appropriated funds. The banks are authorized also to rediscount eligible paper with the Federal Reserve banks; however, it has not been necessary to use these facilities for a number of years. Each bank is authorized, with the approval of the Farm Credit Administration, to issue and sell debentures and to borrow money. The aggregate amount of debentures and other similar obligations which may be outstanding on behalf of any bank may not exceed 10 times

its surplus and paid-in capital (12 U.S.C. 1041). At June 30, 1949, the ratio of such obligations to capital and surplus ranged among the banks from 3.7-to-1 to 8.8-to-1, and averaged 6.3-to-1 for the system as a whole, which is the highest ratio in the history of the banks.

(a) Debentures - Debentures are required to be secured by the assignment and deposit with Farm Loan Registrars of cash, notes, and other obligations representing loans and discounts, and United States securities at least equal in amount to the amount of debentures outstanding. The United States Government assumes no liability for the debentures of the Federal intermediate credit banks and that fact is required to be set forth on the face of their debentures (12 U.S.C. 1043). The total amount of debentures outstanding at June 30, 1949, was $598,470,000.

(b) Notes Payable - When unexpected demands arise between monthly debenture sale dates, short-term loans are obtained from commercial banks on notes payable. The banks had $7,100,000 of such obligations outstanding at June 30, 1949.

Lending Operations:

1. Types of Credit - The Federal intermediate credit banks are agricultural banks of discount and do not make loans directly to individuals. They discount agricultural and livestock paper for, and make loans to, financing institutions and farmers' cooperative associations to finance the seasonal production and marketing needs of farmers and stockmen. Maturities of loans and discounts may not exceed 3 years.

2. Eligible Borrowers - Eligible borrowing and rediscounting institutions include production credit associations, national and state banks, agricultural credit corporations, and livestock loan companies. The banks are authorized also to make certain classes of loans and advances directly to farmers' cooperative marketing and purchasing associations. Since the passage of the Farm Credit Act in 1935, however, loans to cooperatives ordinarily are made by the banks for cooperatives, which rediscount some of their loans with the credit banks or use them as security for direct loans from the credit banks.

3. Volume of Business - As banks of discount, the Federal intermediate credit banks do not initiate lending programs or promote any demand for their services. It is their function, expressly authorized and clearly defined in the act, to finance eligible and acceptable paper within the terms of the act to the extent that it is offered by institutions qualified to receive credit from the banks. Their volume of business thus is governed primarily by the demand for credit, which is affected by general economic conditions, prices of agricultural commodities, crop and livestock yields, and other variable factors rather than by administrative action. At June 30, 1949, outstanding loans and discounts totaled $643,602,436, and

consisted of $512,586,879 of credit to production credit associations, $62,981,678 to other agricultural credit corporations, $67,387,802 to banks for cooperatives, and $646,077 to cooperative associations.

Operating Data:

1. Lending Program - The volume of credit to be granted during 1951 is estimated at $1,838,946,000, an increase of $228,000,000 or 14 percent, over the 1949 volume. The actual volume may vary substantially from the amount estimated, since the demand for credit is governed largely by conditions over which the banks have no control.

2. Financing Program - To finance their lending operations during 1951 the credit banks expect to issue consolidated debentures and borrow from commercial banks for short periods a total of $1,117,610,000, or approximately $342,000,000 more than in 1949.

3. Gross Income - The principal income of the banks is derived from interest and discount on their loans and discounts and income from investments in United States securities. Gross income from loans and discounts is estimated at $13,416,000 for 1951 compared with $10,605,252 earned in 1949. On November 1, 1949, the lending rate of ten of the banks was 2 percent per annum ($2\frac{1}{2}$ percent in Puerto Rico), while the rate of the other two banks was $2\frac{1}{4}$ percent. Income from United States securities owned by the banks is estimated at $1,089,000 for 1951 compared with $1,068,113 in 1949.

4. Expenses - The principal expenses of the banks consist of interest on outstanding debentures and other borrowings, administrative expenses, and advances to Farm Credit Administration central office for services and facilities furnished and examinations made. All expenses of the banks are paid out of their income. Interest and other costs on borrowed money are estimated at $10,963,600 for 1951 compared with costs of $8,688,606 in 1949. The average cost of money obtained through sales of debentures in 1949 was 1.67 percent per annum. Interest costs are estimated by the banks at 1.75 percent for 1951 for budget purposes.

5. Net Income - Net income of the banks for 1951 is estimated at $1,774,000 compared with $1,637,663 earned in 1949. Out of the estimated net income for 1951 the banks expect to transfer $900,000 to the reserve for contingencies, pay franchise taxes of $218,500 to the United States Treasury, and transfer the remaining $655,500 to unreserved surplus.

Summary of Operations - Actual operations for the fiscal year 1949 and estimated operations for 1950 and 1951, which are set forth in greater detail in the printed budget, are summarized in the following table:

	Fiscal Year 1949 Actual	Fiscal Year 1950 Estimated	Fiscal Year 1951 Estimated
Funds Applied			
To make loans and discounts	$1,610,618,238	$1,742,827,000	$1,838,946,000
To repayments on borrowings	699,230,000	949,493,000	1,069,297,000
Operating expense:			
Interest and other money costs	8,688,606	10,151,800	10,963,600
Administrative expenses	1,292,858	1,423,000	1,496,000
Other operating expense	250,194	258,200	270,100
To investments in U. S. Government securities	84,464,972	35,986,200	36,985,700
Franchise tax payable	260,666	202,300	218,500
To increase (or decrease*) working capital	*1,591,312	2,546,000	1,806,700
	2,403,214,222	2,742,887,500	2,959,983,600
Funds Provided			
By repayments on principal of loans and discounts	1,532,350,478	1,688,961,000	1,790,849,000
By borrowings	776,000,000	1,004,383,000	1,117,610,000
Operating income	11,685,020	13,535,600	14,516,700
Nonoperating income	25,876	7,900	7,900
By sale of investments in U. S. Government securities	83,152,848	36,000,000	37,000,000
	2,403,214,222	2,742,887,500	2,959,983,600

* Deduct

Selected comparative data on the operations of the credit banks:

Item	June 30, 1947	June 30, 1948	June 30, 1949
Loans and discounts outstanding	$403,670,091	$565,334,676	$643,602,436
Loans and discounts made during year ended 1/	1,140,071,351	1,417,939,632	1,610,618,238
Debentures outstanding	355,860,000	520,800,000	598,470,000
Debentures issued during year	471,125,000	692,815,000	735,400,000
Franchise tax	2/ 222,120	3/ 178,181	4/ 260,666
Capital stock (owned by U. S. Government)	60,000,000	60,000,000	60,000,000
Surplus paid in	-	500,000	500,000
Reserve for contingencies	9,425,000	10,225,000	10,820,000
Unreserved surplus	23,952,676	24,487,218	25,269,215

1/ Includes renewals.

2/ Represents tax for the fiscal year ended June 30, 1947, paid in July 1947.

3/ Represents tax for the fiscal year ended June 30, 1948, paid in July 1948.

4/ Represents tax for the fiscal year ended June 30, 1949, paid in July 1949.

[illegible] comparative data on the operations of the [illegible]

Item	June [illegible], 1971	June [illegible], 1970	[illegible]
Income from [illegible]			
[illegible]	[illegible]	[illegible]	[illegible]
Income and [illegible]			
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]			
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]			
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]			
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]			
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]			

1/ [illegible]

2/ [illegible]

3/ [illegible]

4/ [illegible]

PASSENGER MOTOR VEHICLES

The estimate includes provision for the replacement of one passenger motor vehicle at a net cost of $1,300. The automobile to be replaced will have mileage in excess of 60,000. The continued use of six old vehicles is contemplated.

The automobiles are used by officers and employees of the banks for necessary

PRODUCTION CREDIT CORPORATIONS

Purpose Statement

The production credit corporations, one in each of the 12 Farm Credit districts, were established pursuant to the Farm Credit Act of 1933 (12 U.S.C. 1131 et seq.) to organize, provide supplemental capital to, and supervise production credit associations. The latter are local cooperative associations, 503 in number, providing a permanent source of short-term production credit to farmers and stockmen throughout the United States and Puerto Rico.

A revolving fund of $120,000,000 was established in the United States Treasury in 1933 for the capitalization of the production credit corporations (12 U.S.C. 1131i). This was reduced to $90,000,000 in 1949 (P.L. 860 - 80th Congress) and with successive voluntary payments into the revolving fund starting in 1944 only $46,235,000 remained as paid-in capital at June 30, 1949. Most of the original capital of the production credit associations was furnished by the corporations through the purchase of class A stock. However, the associations are designed to become entirely locally owned by their farmer members.

Each corporation operates within its own financial structure under its district board of directors. One of the principal functions is the supervision of associations which is designed to maintain their soundness and dependability. These associations in 1951 are expected to make about 330,000 loans for over one billion dollars. At June 30, 1949, their 451,000 member stockholders had purchased and owned about $62,000,000 of the associations' capital stock.

On December 31, 1949, the 12 corporations had 183 employees (full-time equivalent), all in the field.

	Estimated, 1950	Budget estimate, 1951
Administrative Expense Limitation	$1,353,000	$1,358,000

Administrative Expenses

Appropriation Act, 1950	$1,328,000
Anticipated pay adjustment supplemental	25,000
Base for 1951	1,353,000
Budget Estimate, 1951	1,358,000
Increase (to place on a full year basis in 1951 pay adjustments under Public Law 429 which were in effect for only a part of the fiscal year 1950)	+5,000

CHANGE IN LANGUAGE

The estimates include proposed change in the language of this item as follows (new language underscored, deleted matter enclosed with brackets):

> * * * Not to exceed [$1,328,000] $1,358,000 (to be computed on an accrual basis) of the funds of the corporations shall be available for administrative expenses, including the purchase of [one] ten passenger motor [vehicle] vehicles for replacement only, and * * *

This change in language is proposed to provide for an increase from one to ten in the number of passenger motor vehicles to be replaced in 1951 and to change the word "vehicle" to the plural.

STATUS OF PROGRAM

Creation and Purpose - The Farm Credit Act of 1933 (12 U.S.C. 1131 et seq.) provided for the organization of the production credit system to provide permanent credit facilities especially adapted to the short-term credit requirements of agriculture. The system includes 12 production credit corporations, one in each of the 12 Farm Credit districts, and approximately 500 local production credit associations. The corporations were established to (1) organize, (2) provide supplemental capital, and (3) supervise local production credit associations which were to make loans to farmers and stockmen.

Management and Supervision - Each corporation operates under its own corporate management and under the direction of a board of directors, composed of the members of the district Farm Credit Board who are, ex officio, the directors of the four permanent credit units of each Farm Credit district. The operations of the corporations are supervised by the Production Credit Commissioner, who is responsible to the Governor of the Farm Credit Administration. The affairs of the production credit associations are administered under the direction of their respective boards of directors, generally of five members, elected by and from the membership of the associations. The associations are under the supervision of the production credit corporations and, through them, the Farm Credit Administration.

Source of Funds:

1. Capital Stock - The Farm Credit Act of 1933 established a revolving fund of $120,000,000 in the United States Treasury for the purpose of purchasing the capital stock of the corporations, and the initial subscription for each corporation was fixed at $7,500,000. The revolving fund was used in its entirety from 1935 to 1944, except for $15,000,000 returned to the Treasury in 1940 pursuant to a request by the President of the United States and again requisitioned by the Governor from the fund in 1941. A voluntary program of returning capital to the revolving fund was begun in 1944. Annual repayments had reduced the outstanding capital from $120,000,000 to $81,635,000 at June 30, 1948. Pursuant to Public Law 860, 80th Congress, $30,000,000 of paid-in capital was returned to the surplus fund of the Treasury by the corporations during 1949 which reduced the total amount of the revolving fund to $90,000,000. Repayments to the revolving fund in 1949 and as estimated for 1950 and 1951 will reduce the paid-in capital stock of the corporations to $39,235,000 at June 30, 1951.

2. Earned Surplus - After payment of all costs from organization to date, the earned surplus of the corporations at June 30, 1949, amounted to $17,140,663 or 37.1 percent of their paid-in capital. It is required that net earnings of each corporation shall be devoted to building a surplus fund of at least 25 percent of its paid-in capital (12 U.S.C. 1131c (c)); nine of the corporations had such a surplus at June 30, 1949.

Type of Operations - The principal functions of the corporations are to organize, provide supplemental capital for and supervise production credit associations which make short-term loans to farmers and ranchmen for general agricultural purposes. The associations obtain most of their loan funds by discounting farmers' notes with, and by other borrowings from, the Federal intermediate credit banks. The corporations maintain substantial immediately available resources in the form of investments in United States securities as a backlog of reserve strength in support of the entire system. These resources permit immediate increases in the investments in class A stock of production credit associations as needed. Meanwhile these securities provide the corporations with income.

1. Organizing Production Credit Associations - Production credit associations have been established to serve all of the United States and Puerto Rico (12 U.S.C. 1131c, 1131d).

2. Capitalizing Production Credit Associations - The initial capital of the production credit associations was provided by the district production credit corporations through the purchase of class A stock in the associations. As farmers and stockmen obtained loans, they were required to purchase capital stock (class B) in their local associations and it was intended, ultimately, that the capital stock originally provided by the production credit corporations would be retired in full and the associations would be wholly owned by their members. In addition to the capital stock purchased by members to qualify their loans, many farmers and stockmen have purchased extra stock and others have retained their stock after ropaying their loans. At June 30, 1949, farmers and stockmen owned $61,940,628, or 71 percent, of the total capital stock of the associations. Additional capital stock investments in associations are made from time to time. Circumstances have arisen and will arise in the future where substantial capital investments by the corporations must be made immediately to provide the associations with an adequate capital structure to permit them to obtain loanable funds necessary to maintain their credit service.

3. Supervising Production Credit Associations - The corporations establish the basic policies under which association loans are made and must approve each loan which exceeds 20 percent of the associations' capital and guaranty fund and all loans to association officers and directors. In guiding the associations in building their own local credit institutions soundly, the corporations emphasize (1) sound and constructive credit service to farmers throughout their respective territories, (2) efficient, economical, and sound operations, (3) adequate reserves, (4) member ownership of the associations, (5) training, and (6) decentralization of responsibilities. The policies of training and decentralization enable the corporations to function with relatively small staffs, a majority of whom are working directly with the association directors and officers largely through contacts at the association offices and occasional group meetings for neighboring associations. In these 500 associations

operating through about 1500 offices and handling a billion dollar loan volume annually, new problems are continually arising, many of which are of major significance accentuating the need for adequate supervision.

Operating Data - The 1951 estimates are based on an assumed continutation of the generally downward trend in net farm income, together with generally tighter credit conditions. These conditions and the increased demand on the associations for credit are creating new problems in maintaining sound and constructive credit service to association members and qualified applicants seeking credit. The servicing of loans likewise is becoming more difficult. Thus, the supervisory responsibilities of the production credit corporations are of major significance to agriculture.

1. Investment in Class A Stock of Production Credit Associations - Because of the anticipated increases in locally owned capital and reserves of the production credit associations and the desire of their membership to become completely locally owned, it is estimated that associations will retire stock owned by the corporations in the amounts of $5,020,000 in 1950 and $4,855,000 in 1951, with additional investments required of $375,000 and $425,000 in the respective years. This is expected to reduce the corporations' total investment in class A stock of the associations to $15,919,500 at June 30, 1951.

2. Retirement of Capital Stock - Repayments to the revolving fund are estimated at $4,000,000 in 1950 and $3,000,000 in 1951. Such payments will reduce the paid-in capital of the corporations to $39,235,000 at June 30, 1951. There is no adequate basis for measuring the ultimate long-term capital and surplus needs of the production credit corporations until the system has weathered a period of falling or continued lower prices for farm products; however, past experience in agricultural credit has demonstrated the need for adequate capital resources in such a system.

3. Net Income (or Loss) - It is estimated that the operations of the corporations in 1951 will result in a net loss of $555,000. Because of the reduction in 1949 in the volume of United States securities owned the interest income on such securities has been materially reduced. The total income of the corporations is estimated at $1,066,600 in 1951 compared with $1,647,965 actual in 1949.

Summary of Operations - A summary of actual operations for the fiscal year 1949 and estimates for 1950 and 1951, which is set forth in greater detail in the printed budget, is given in the following table:

	Fiscal Year 1949 Actual	Fiscal Year 1950 Estimated	Fiscal Year 1951 Estimated
Funds Applied			
To investments in class A stock of production credit associations	$115,000	$375,000	$425,000
To investments in United States securities:			
Repurchased at par from production credit associations under repurchase agreement	16,123,100	14,132,700	12,269,000
Other purchases	xx	300,000	xx
To administrative expenses	1,309,847	1,353,000	1,358,000
To other operating expense	232,000	243,400	247,200
To repayment of capital to U. S. Treasury	35,400,000	4,000,000	3,000,000
	53,179,947	20,404,100	17,299,200
Funds Provided			
By retirement of class A stock investment in production credit associations	5,996,750	5,020,000	4,855,000
By sale of United States securities:			
To production credit associations at par value under repurchase agreement	2,341,200	425,000	425,000
Other sales	42,942,340	13,500,000	10,891,000
Operating income	1,632,058	1,057,600	1,066,600
Nonoperating income	15,907	-	-
By decrease in working capital	251,692	401,500	61,600
	53,179,947	20,404,100	17,299,200

The following table reflects the relationship of production credit corporation personnel to production credit association operations:

	1942	1949	Estimated 1951
PCC personnel (average number)	299	185	180
Amount of loans made by PCA's (including renewals)	$461,143,240	$956,367,720	$1,077,000,000
Number of loans made by PCA's	239,169	283,363	330,000
Number of PCA loan transactions 1/	1,961,186	2,323,577	2,706,000
Number of PCA offices 2/	1,344	1,584	1,590
PCA personnel:			
Number of directors	2,680	2,570	2,570
Number of employees (man-years - calendar year basis)	3,322	2,899	3,147

1/ Assumes 4.0 advances and 4.2 repayments per loan but gives no recognition to the number of extensions and partial releases. These figures are based on an actual count for the fiscal year ended June 30, 1946.

2/ Includes central and field, or branch, offices operating on both a full- and part-time basis.

PASSENGER MOTOR VEHICLES

The estimates include provision for the replacement of 10 passenger motor vehicles at a net cost of $10,000. The automobiles to be traded in will have a mileage in excess of 60,000 at time of disposal and a number are already proving to be unduly expensive to maintain and operate. The continued use of 34 old vehicles is contemplated.

The automobiles owned by the corporations are used by officers and field employees of the corporations for necessary travel in connection with the supervisory responsibilities of the corporations over the production credit associations, principally for travel to association offices and as required to other points of duty such as the farms of association directors and borrowers.

REGIONAL AGRICULTURAL CREDIT CORPORATION OF WASHINGTON, D. C.

Status of Program

The regional agricultural credit corporations were established pursuant to section 201c of the Emergency Relief and Construction Act of 1932 (12 U.S.C. 1148) to make loans to farmers and stockmen for agricultural purposes. Originally there were 12 regional agricultural credit corporations, 1 in each Federal land bank district. These corporations were supervised and controlled by the Reconstruction Finance Corporation until May 27, 1933, when such supervision and control was transferred to the Farm Credit Administration. Pursuant to the authority contained in the Farm Credit Act of 1937 (12 U.S.C. 1148c), the 12 corporations were merged into a single corporation, the Regional Agricultural Credit Corporation of Washington, D. C.

Public Law 38, Eighty-first Congress, approved April 6, 1949, abolished the Regional Agricultural Credit Corporation of Washington, D. C., transferred its functions to the Secretary of Agriculture, and under section 1 (d) provided that:

> All assets, funds, contracts, property, claims, and rights, all records, and all liabilities of the Corporation are hereby transferred to the Secretary. The revolving fund created by section 84 of the Farm Credit Act of 1933, as amended (12 U.S.C. 1148a), shall be available to the Secretary for the performance of the functions specified in paragraphs (a) (1), (2), and (3) of the section, including administrative expenses in connection therewith. * * *

Pursuant to the foregoing authority, the assets of the Corporation were transferred to the Secretary of Agriculture effective April 16, 1949.

FEDERAL LAND BANKS

Subscriptions to Capital Stock, Federal Land Banks, Revolving Fund, Office of the Secretary, Treasury Department

LANGUAGE

Reduction in Appropriations

The estimates provide the following new language:

> Amounts available from appropriations are hereby reduced in the sums hereinafter set forth, such sums to be carried to the surplus fund and covered into the Treasury immediately upon the approval of this act:
>
> The total amount of $125,000,000 in the revolving fund appropriated to the Office of the Secretary, Treasury Department, as authorized by the Federal Farm Loan Act, as amended (12 U.S.C. 698), for subscriptions to the capital stock of the Federal land banks.

At a time of national economic distress the Congress, by an amendment to the Federal Farm Loan Act, approved January 23, 1932 (12 U.S.C. 698), provided for subscription by the Secretary of the Treasury on behalf of the United States of $125,000,000 of capital stock in the 12 Federal land banks. This $125,000,000 has all been repaid and now constitutes a revolving fund available for subscription to capital stock by the Secretary of the Treasury upon application by any Federal land bank, made with the approval of the Farm Credit Administration.

The Federal Farm Loan Act contemplates a cooperative farm mortgage loan system supervised by the Federal Government, but to be owned and operated by the farmers who use the services of the system. This objective has been kept constantly in mind by the Federal land banks, and they are now completely owned by the farmers who use them. The Federal land bank system as a farmers' cooperative credit system aims to operate on its own resources even under periods of agricultural distress and its interest rate and other operating policies are designed to make this possible insofar as conditions can be foreseen and met by prudent business practices.

The Federal land banks and national farm loan associations are in a greatly strengthened net worth position. Experience has demonstrated there are numerous steps the banks can take to effectively meet operating problems which are limited to individual districts, including inter-bank assistance. Therefore the banks consider they have sufficient resources, financial and otherwise, to enable them to carry their worthy members and prospective members through any periods of distress except perhaps an economic emergency of a Nation-wide character in which the banks might be called upon again to finance outstanding farm mortgage debt to the extent of overtaxing their own resources. In view of all these circumstances and the apparent remoteness of any such emergency as mentioned above, it is recommended that the amount of $125,000,000 in the revolving fund be covered into the surplus fund of the Treasury.

WORKING FUND, AGRICULTURE, GENERAL

The budget schedule reflects working funds advanced from various Departments or agencies of the Federal Government to the Department of Agriculture under Section 601 of the Economy Act, as amended, in payment for services rendered or supplies furnished.

Funds thus advanced are made available to Bureaus within the Department of Agriculture by allotment and are obligated in amounts shown in this schedule under the heading "Obligations by Allotments". Descriptions of the work performed for other departments and agencies in accordance with these working fund advances are included in the "Statement of Obligations Under Allotments, Working Funds, etc." provided in each agency's section of the Explanatory Notes.

PAYMENTS FROM PROCEEDS OF SALES, MOTOR-PROPELLED VEHICLES, ETC., DEPARTMENT OF AGRICULTURE

Under the Act of August 2, 1946 (5 U.S.C. 118d-1) proceeds of sales of vehicles, equipment, accessories, and other items, the exchange of which is authorized by law, may be applied in whole or in part payment for the purchase of similar items. Receipts from this source are set up in a special appropriation account and are available for the replacement of similar items to the end of the fiscal year following the year in which the sale is made. Any unobligated balance at the close of the fiscal year is subsequently deposited into the Treasury as miscellaneous receipts.

The total funds available to the Department under this account are as follows:

1949 -- Total available for obligation	$1,486,127
Balance available in subsequent year	-12,016
Total obligations	1,474,111
1950 -- (estimated available)	808,016
1951 -- (estimated available)	550,000

MISCELLANEOUS CONTRIBUTED FUNDS, DEPARTMENT OF AGRICULTURE

The total appropriations or estimates of the Department under this trust account are as follows:

1949	$488,702
1950 (estimated)	378,100
1951 (estimated)	411,600

This item covers funds received or estimated to be received by the Department of Agriculture from private individuals or organizations and from State or local government organizations for carrying out certain cooperative agreements between such individuals or organizations and the Department in connection with its activities, as authorized by law, primarily

the Act of May 15, 1862 (5 U.S.C. 511) establishing the Department of Agriculture (as further implemented by the Act of July 24, 1919 (5 U.S.C. 67,563)). These funds are deposited in the Treasury of the United States and made available to the Department for expenditure under applicable cooperative agreements. The amounts for 1950 and 1951 are approximate and preliminary only, since it is difficult to estimate accurately what the total receipts from these sources will be in any given year.

A distribution of this fund by bureaus is reflected in the Budget schedules of individual bureaus and offices.

Following are a few examples of the types of agreements entered into by the Department and financed by contributed funds:

Cooperatives in California, Idaho, and other Western States	For cooperative white pine blister rust control
California Planting Cotton Seed Distributors of Bakersfield, California	For cooperative cotton seed investigations
Beet Sugar Development Foundation, Fort Collins, Colorado	For the testing of insecticides to control insects affecting sugar beets grown for seed

RETURN OF EXCESS DEPOSITS FOR REPRODUCTIONS OF PHOTOGRAPHS, MOSAICS, AND MAPS

This trust account has been established to refund to farmers and others any excess amounts deposited into the Treasury for the purchase of aerial or other photographs, mosaics, and maps which have been obtained in connection with the authorized work of the Department. The Department is authorized to sell these reproductions (at not less than their estimated cost) by the Act of February 16, 1938 (7 U.S.C. 1387). Funds received for the purchase of such reproductions are deposited into the Treasury. When the actual cost has been determined, the amounts deposited in excess of such costs are refunded to the purchasers from this account. The total appropriations or estimates for such refunds are as follows:

1949	$1,419
1950 (estimated)	800
1951 (estimated)	800

A distribution of the funds by bureaus is reflected in the Budget schedules of individual bureaus and offices.

GENERAL PROVISIONS

Section 301: This section relates to the purchase of passenger motor vehicles for the Department outside the District of Columbia. The total aquisition of such vehicles by the Department of Agriculture is limited to the total number indicated for purchase in the passenger motor vehicle statements in the Budget.

It is proposed to delete the provisions included in the 1950 Agricultural Appropriation Act which (1) limit the purchase of motor propelled vehicles to two-thirds of the total number indicated for purchase by the Department under the "Statement of Proposed Obligations for Purchase and Hire of Passenger Motor Vehicles" in the Budget, and (2) permit increases in automobile purchases commensurate with appropriation increases above the Budget. The elimination of these provisions are proposed since the number of passenger motor vehicles proposed to be replaced in fiscal year 1951 represents minimum requirements for performance of the work proposed in the 1951 Budget. It is also proposed to insert the word "obligations" in lieu of "expenditures" for the purpose of reflecting the correct title of the "Statement of Proposed Obligations for the Purchase and Hire of Passenger Motor Vehicles" appearing in the Budget.

Section 302: This section provides for certain exceptions in the Department of Agriculture to the prohibition contained in the Independent Offices Appropriation Act against the employment of aliens.

Section 303: This section authorizes expenditures from appropriations contained in the Agricultural Appropriation Act for health service programs authorized by the Act of August 8, 1946 (5 U.S.C. 150) including the continuation of existing emergency rooms until an adequate health service program can be developed for all employees of the Department.

Section 304: This section authorizes the Department to pay awards, compromises, or settlements pursuant to the Federal Tort Claims Act, approved August 2, 1946 (28 U.S.C. 2672), from funds available to the Department during the current fiscal year.

The proposed changes in language are for the sole purpose of simplifying and shortening the wording of the item.

Section 305: This section continues the restriction against the employment of persons who are members of an organization of Government employees who assert the right to strike against the Government of the United States, or who advocates, or who are members of an organization that advocates the overthrow of the Government.

Section 306: This section continues the language providing that limitations on amounts expended for personal services under appropriations in the Agricultural Appropriation Act shall not apply to lump-sum leave payments pursuant to the Act of December 21, 1944.

Section 307: This section provides that the funds available to the Department may be used for printing and binding.

The insertion of the words "including the purchase of reprints of scientific and technical articles" is proposed to restore authority included in the Department of Agriculture Appropriation Act from 1935 to 1949, and inadvertently omitted from the 1950 Budget. This provision authorized purchase of reprints directly from scientific and technical journals at usual reprint costs, thus eliminating additional clerical work of securing waivers from the Government Printing Office.